NATO'S NEW ULTIMATUM

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Serbs Press Attacks, Then Talk Truce

By Craig R. Whitney

New York Times Service

BRUSSELS — The North Atlantic Treaty Organization on Friday warned Bosnian Serbian forces that they would face air strikes against heavy weapons and "other military targets" within 20 kilometers of the besieged eastern Bosnian city of Gorazde unless they immedi-

ately stopped their attacks.

The allies also agreed to an American proposal giving the Serbs until 2:01 A.M. Sunday (0001 GMT) to pull their forces back 3 kilomoters (about 2 miles) from the center of the city and allow free access to its 65,000 mainly Muslim refugees by United Metions forces burnanilim refugees by United Nations forces, humanitarian relief convoys, and medical teams.

But NATO air forces could be authorized to strike before the Sunday deadline if the Serbs keep shelling Gorazde, allied officials empha-

[NATO was poised to widen the ultimatum to protect all UN-designated "safe areas" in Bosnia and to impose exclusion zones around them so that Serbian forces would have to withdraw, news agencies reported, quoting alli-ance sources. These areas include Tuzla, Zepa,

Bihac and Srebrenica.
[The alliance later added to the Gorazde ultimatum, threatening the Serbs with air strikes unless they withdrew heavy guns from 20 kilometers around Gorazde by early

Wednesday.
[Earlier, the NATO secretary-general. Manfred Worner, said that he did not expect its threat of air strikes against Serbs to escalate the

As positions appeared to harden in the con-flict, there were reports from Belgrade that the Bosnian Serbs had agreed late Friday to a cease-fire around Gorazde. Yasushi Akashi, the top UN official in the former Yugoslavia, said after talks that the truce was to take effect at noon Saturday.

But there were other signs of defiance: Bosnian Serbian forces resumed shelling Gorazde on Friday after a hill and after the

ultimatum was declared. UN officials said. Yugoslavia's foreign minister warned that with further NATO action, "the possibility that Serbia becomes involved is a reality." The United States pressed for an early deci-

sion on measures to end the attacks on Gorazde before the city fell.

American officials said the United States did not succeed in getting the allies to agree as part of the initial decision on Gorazde to require the Serbs later to withdraw their forces from the 20kilometer zone around it. Nor did it get allied backing for a proposal to let NATO military commanders decide on their own authority, without UN approval, what targets to hit within the zone.

The murderous, barbaric attacks against the defenseless civilians of Gorazde are an outrage," Mr. Wörner said, "Still today the shelling has continued. Half measures will not do. "It is now up to the Bosnian Serbs to heed

these demands, or they will face serious conse-President Bill Clinton applauded the alliance's moves. "This decision provides NATO

forces with greater authority to respond to

The Bosnian Serbs should not doubt NATO's

williogness to act."

NATO officials did not specify what military targets would be hit beyond the heavy weapons - tanks, artillery pieces, and mortars - they have had authority to strike, if the UN asked them to, since last summer. Asked if the bridges the Serbs use to get reinforcements and supplies across the Drina River to the war zone could be bombed, the U.S. delegate to NATO, Robert C. Hunter, said, "Only military targets," deliber-

ately leaving them unclear. Officers in NATO's Southern Europe command in Naples also said Friday night that they expected to receive a detailed list of targets from the alliance's military committee.

But NATO officials in Brussels said that no targets on the eastern side of the river, on Serbian territory, even within the 20-kilometer zone, would be hit. Secretary of State Warren M. Christopher said Thursday that strikes against military objectives in Serbia might he

The decision came on a day when the Serbs continued their shelling of Gorazde, with tank fire hitting a building housing UN offices and a Red Cross refugee center. On Thursday, in what UN officials said was the worst day of shelling so far in the city, 97 people were killed.

NATO governments, all facing mounting pressure from their constituents to do some-thing besides just stand by and watch the slaughter in Gorazde, seemed to be hoping the mere threat of wider bombing would persuade the Serbs to halt their advance on Gorazde, just as a NATO ultimatum in February persuaded them to stop the shelling of Sarajevo then. The Serbs said they agreed to turn over their heavy weapons in Sarajevo to UN cootrol because the Russians had asked them to.

Pressure from the European allies on the United States to continue parallel efforts to reach a diplomatic settlement remained strong at Friday's meeting, which was held at NATO's headquarters outside Brussels. The allies also called ou the Bosnian government forces in

launch a military offensive of their own.

NATO officials said that Russia, whose leader has called for a summit meeting of American, Russian, UN and European Unioo negotiators within the next mooth, would be kept closely informed of Friday's decision.

American officials bere described the decision oo Gorazde as the direct result of a Clinton administration initiative.

The UN has imposed an economic and strategic embargo on Serbia for its support of Serbian nationalist attacks on Croatian and Muslim areas on Bosnia since 1992, but the United States did oot succeed in winning support from the allies to lift the arms embargo on all of what used to be Yugoslavia for the Bosni-

And despite an American attempt to shortcircuit UN cootrol over air strikes, the NATO military commander in charge of air operations over Bosnia, Admiral Leighton Smith, an

See ULTIMATUM, Page 5

After-Election Fears Shake South Africans Indians, Fearful of a Black Takeover, Are Turning to the Party of Apartheid

By Kenneth B. Noble

New York Times Service PHOENIX, South Africa - There was nothing obviously threatening about the three black women who knocked on Neele Rajoo's door last month and said they were looking for work.

Although she had no use for another housekeeper, Mrs. Rajoo, 46, a shop clerk of Indian descent, offered them a seat and

"They were very well dressed and very educated and spoke perfect English," Mrs. Rajoo said.

Then, matter-of-factly, as though she were buying a packet of gum, one of the women placed a two-rand coin — about 60 cents - into her empty cup.

Rajoo's house. They would return after election day, she added, to take possession of what was rightfully theirs. Odd encounters like this one have been

reported with increasing frequency in the last few months here, part of a campaign that appears to be organized but remains mysterious in its origins.
For Mrs. Rajoo, however, there was no

mystery in the message: blacks are poised to seize not only power but just about anything cise they want, confident that the future black government will do little to stop them. That explains why she and her sister Ko-

gie, 47, who live together in a comfortable two-story house in one of South Africa's few racially mixed residential areas, say they expect to east their vote for the National Party, the inventors and enforcers of apart-

"I've lived and worked with blacks all my life, and I've always supported their struggle and supported the African National Con-Mrs. Rajoo said. But now we're scared. When we look at the blacks, whether it is the ANC or Inkatha, all we see is

violence and fighting."
The Rajoos' radical shift in allegiances illustrates the extraordinary changes under way here on the outskirts of Durban, a port city and commercial center of Natal Province and home to the largest concentration of Indians outside of India. They account for about 3 percent of South Africa's population of 35 million.

In yet another reverberation from the col-

NEW YORK (AP) — Former President Richard Nixon lay near death Friday from

the worsening damage of the stroke he suf-fered on Monday. "He's in a very deep coma, still in the intensive care unit," said a

spokeswoman for New York Hospital-Cor-

A close look at what the Channel Tunnel will

mean in the short and long run.

nell Medical Center, She said Mr. Nixon's

lapse of South Africa's apartheid system, the bulk of the Indian community, once considered a natural ally of the black opposition, is now inclined to support the National Party, according to recent polls and regional ana-

For years, South Africa's 1 million Indians have faced a quandary. They are resented by many blacks, who see them as exploitative outsiders who treat Africans with condescension, if not outright disdain, yet they have never been accepted by whites.

At the same time, people of Indian de-scent have been at the forefront of those opposed to the apartheid system.

Perhaps most telling, Mohandas K. Gandhi, who spent two decades here around the start of the century, established the Natal organization in the country and among the first to mount organized resistance to the polices of successive white governments that senfranchised blacks.

By most accounts, Gandhi took httle interest in blacks, but his theories powerfully influenced the African National Congress, which was founded in 1912 and retained a creed of nonviolence for nearly half a century. Nelson Mandela, the ANC president, has regularly invoked Gandhi as his spiritual

Given the Indian community's long history in the black resistance struggle, analysts initially assumed that Indians would line up squarely behind the black-dominated political parties, mostly the African National Congress but also the Zulu-based Inkatha

Freedom Party in Natal. But lately there appears to be a clear shift of support in the Indian community toward the National Party.

ANC officials deny any signs of disaffec-

tion from potential Indian voters. "I just don't believe that," said Jacob Zuma, the ANC's senior official in Natal. We have people out in the community, and we know that the Indians are strongly be-

But others reject this argument. Among those who believe that the National Party is likely to win big among Indians is Mahmoud Rajab, a former member of the dis-

See VOTE, Page 5

Kiosk

Coma Deepens, Family at Nixon's Side

banded three-chamber parliament, which

daughters, Tricia Nixon Cox and Julie Nixou Eisenhower, were with him. Two Marine

sergeants were standing by to serve as honor

Mr. Nixon, 81, slipped into unconscious-

ness after developing swelling of the brain, a potentially deadly complication.

guard when he dies.

Crossword



Prime Minister Hosokawa, right, greeting his successor, Foreign Minister Hata, after the coalition chose him Friday.

Hata Is Unlikely To Move Boldly

Experience May Hamper Next Japanese Leader

TOKYO - Japan's next prime minister, Tsutomu Hata, is committed to economic reform and is better equipped than his predecessor to get things done. But it is unlikely that he will throw open Japan's markets or censure bureaucrats opposed to

sweeping deregulation.
Unlike his predecessor, Morihiro Hosokawa, who had little experience in national politics before becoming prime minister, Mr. Hata, 58, has been a member of the Diet, or parliament, for 25 years and has served as minister of agriculture, finance and, most recently, foreign affairs. Yet the wealth of bureaucratic and business connections he has built up impose obligations that could limit his ability to make bold moves. He also will be hampered by the fractiousness of the multiparty

coalition that has governed Japan since last year.
"Hata's an improvement over Hosokawa in that the government will function better," said a Western government official. "Yet the fundamental discontinuity of the coalition persists

The contentious two-week process that resulted in Mr. Hata's nomination Friday as the governing coalition's candidate clears the way for one important economic step: passage, most likely by the end of May, of the national budget for the fiscal year that began this mouth. The fate of the budget had clouded the outlook for Japan's economy, which is expected to muster less than I percent growth this year.

The bickering and betrayal evident as the coalition's leaders first considered, then abandoned, an alliance with Michio Watanabe of the conservative Liberal Democrats highlighted deep differences in personalities and policies that are likely to hinder Mr. Hata's hand.

In the platform supporting Mr. Hata's nomination, the Socialist coalition members' objections to raising consumption taxes were papered over in fuzzy language. Many economists believe raising such taxes is crucial to overhauling the tax system so that it can cope with the rapidly aging society.

The platform postpones a decision on taxes until the end of the year, but that will be too late for Tokyo to offer specific commitments at the meeting of the Group of Seven leading industrialized nations in Naples in July.

The United States, hoping to see Japan's economy grow faster and suck in more imports, wants Tokyo to extend this year's cuts in income taxes for several years without increasing consumption taxes. But the Finance Ministry opposes the extension without a promise to finance the cuts with higher consumption taxes down the road. The standoff makes it more likely that Japan will offer instead to reflate its economy by

See JAPAN, Page 5

U.S. Might Go Outside UN for Sanctions on North Korea

By R. Jeffrey Smith Washington Post Service

TOKYO - Secretary of Defense William J. Perry warned Friday that the United States would seek to impose some form of economic sanctions against North Korea oext month if the country failed to allow a satisfactory international inspection of its planned removal of spent fuel from a nuclear reactor.

Mr. Perry said senior South Korean and Japanese government officials had assured him of their support for such a move. He also said that if China, a close ally of North Korea, blocked UN Security Council approval of any sanctions, Washington would still try to enlist other nations in an embargo of trade with North Korea. His statements were prompted by U.S. coo-

of Pyongyang will soon be withdrawn. U.S. officials say the fuel contains enough plutonium for the North to produce four to five

cern about North Korea's statement in a letter to the International Atomic Energy Agency this week that the spent fuel in a five-megawatt

nuclear reactor at the Yongbyon complex north

ouclear weapons. It is suspected that it may already possess one or two such weapons. North Korea's letter said that inspectors of the UN agency were welcome to witness the

fuel withdrawal process to ensure that the plutonium was not diverted to ouclear arms. Bot it did not say how much access the inspectors could have or how long they could continue to monitor the fuel after it was withdrawn and

U.S. officials said Mr. Perry's remark was

detailed agreement on the inspection. They said they expected the agency to demand oot only that the fuel be subject to continuous momitoring, but also that sampling be allowed to determine how long it had been in the reactor's core. They said that such an analysis could shed light on how much plutonium had already been extracted from spent reactor fuel.

"It is very clear that the IAEA believes that they need more than physical presence" while the spent fuel is being removed, Mr. Perry said.

If North Korea blocks the new inspection, permanent member of the UN Security Coun-

meant to give the agency leverage in talks with North Korean officials aimed at reaching a would not want to go out oo a limb." would not want to go out oo a limb."
But if the United Nations was "oot able to agree," Mr. Perry said, "we would then seek a way of imposing a multinational sanctions."

He added that any sanctions would be imposed in phases, with the first phase likely to be of modest scope and lacking a "harsh" system of enforcing compliance.

Mr. Perry said that if North Korean actions made sanctions appear likely, he would take steps to improve the readiness of U.S. forces and request "comparable actions" by South Korea. He declined to elaborate, but other officials said additional U.S. troops and mili-Mr. Perry said, the United States will ask the United Nations to impose sanctions on North Korea. On the question of whether China, a and forces of both countries put on a higher

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Lone Norwegian Reaches the North Pole

By Steve Vogel

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Washington Past Service
OSLO — Boerge Ousland was carrying Jimi Hendrix, Herman Hesse and a .44-magnum to the North Pole, but not a whole lot else. There were no traveling companions, no dogs pulling his sledge, not even airplanes dropping supplies.

The Norwegian reached the North Pole on Friday, a colleague tracking his progress said here, thereby becoming the first person ever to reach the pole alone and without any help.

Mr. Ousland, a 31-year-old North Sea diver, set off on skis from Cape Arktichesky on the northern tip of Siberia on March 2. Since then he has dragged his sledge nearly 600 miles (1,000 kilometers) over some of the most difficult and dangerous territory on Earth. "He has reached the pole and sent a satellite transmission saying 'Expedition ended. Want pick-up' " said his spokesman, Hans Christian Erlandsen.

"This is an unmerciful place to be," Mr. Ousland said in a radio contact Wednesday, when he was about 20 miles from the pole. He reported that his face was so swollen by the cold that he was

having difficulty opening his eyes when he wakes. On Tuesday, he said, he almost fell through a crack into the polar sea.

In Mr. Erlandsen's office in Oslo, where Mr. Ousland's progress was recorded via satellite, a map on a computer screen showed a line bearing down on the North Pole at the astounding rate of more than 11 miles a

"He's quite exhausted, I think, feeling the psychological strain of it all," said his mother, Ingrid Ousland, after her son signed off the radio Wednesday. "He's really looking forward to getting to the pole and being finished with the whole thing."

Mr. Ousland's expedition is a national sensation in Norway, where storied polar explorers such as Fridtjof Nansen and Roald Amundsen are still beroes. There have been almost daily newspaper reports tracking his progress. A television crew was on hand to record his 6-year-old son's birthday party this month in Oslo.

Teams of Norwegian reporters have already flown to Resolute in the Canadian Arctic, along with Mr. Ousland's father and best friend, and See EXPLOIT, Page 5

A Real Live Toon Goes Splat

BERLIN - An extortionist who captured Germany's imagination by borrowing ideas from a cartoon character to outwit the police was captured on Friday as he stepped out of a phone booth in eastern Berlin, police sources said.

According to the sources, the 44-year-old man, dubbed "Dagobert" after the Uncle Scrooge character in the German version of Walt Disney's Donald Duck cartoons, had confessed to trying to extort 1.5 million marks (\$900,000) from the country's biggest retailing chain, Karstadt, over the last two years. The police said he had set off at least five bombs in Karstadt stores throughout Germany. Two people were wounded in the

A police spokesman in Hamburg, where a

special unit established to catch the blackmailer is based, would only say that a suspect had been detained.

But the Berlin radio station SFB identified him as an unemployed sign painter who lived with his wife and 3-year-old son in the southwest Berlin district of Mariendorf.

Hailed by Der Spiegel magazine as Germany's "Gangster of the Year" in 1993, the extortionist had become something of a folk hero for regularly embarrassing the police, leading some to speculate that the black-

mailer was himself a police officer. The extortionist devised more than 30 elaborate schemes — many inspired by the Disney tales — to collect the ransom. But he

never received any money.

Once he had told the authorities to put a

See ARREST, Page 5

Peres and Arafat Press for Quick Self-Rule Agreement

By Chris Hedges

New York Times Service

BUCHAREST — Foreign Minister Shimon Peres and the PLO chairman, Yasser Arafat, have held the first high-level talks between the two sides in almost three months, planning to advance negotiations on the final differences holding up the self-rule agreement for Gaza and the West Bank town of Jericho.

The two men, who met Wednesday and Thursday, were guarded about what they had accomplished. But Mr. Arafat said the sessions had been "important."

"We are at the beginning of the end," Mr. Peres said, "and we are trying to find a way to complete this great historic voyage of the Palestinian people and the

Despite the progress that both sides said they had made, details of the final agreement still clude their negotiators in Cairo. Mr. Peres said he and Mr. Arafat might travel to Cairo next week to oversee the final

stages of the talks there.

The two leaders have resolved to conclude the negotiations within two to three weeks, although aides said they would not formally announce a date for fear of creating a deadline that might be missed.

[Prime Minister Yitzhak Rabin said Friday that Israel and the PLO would wrap up an accord to launch Palestinian self-rule in Gaza and Jericho in mid-May, Agence France-Presse reported from Tel Aviv.
["I think we shall arrive at an accord in mid-May,

Police Raid

In Germany

COLOGNE — The police on Friday raided an office of Germa-

ny's far-rightist Republican Party, whose leader sparked an uproar last month by accusing Jewish leaders of causing anti-Semitism.

The raid on the office in Munich

and other raids on apartments of party members were part of a probe

into the involvement of Republican

Party officials in a racist attack on a Zairean couple, the Cologne pros-ecutor, Wolfgang Weber, said. German states have been moni-

toring the party as part of a crack-down on neo-Nazi and other right-

ist violence that has killed up to 30

people since unification in 1990.

The western state of North Rhine-Westphalia, where Cologne is situated, reported earlier this month it had evidence that Repub-

lican officials were involved in

It said that the party, the secondstrongest far-rightist group in Germany, with 23,000 members, had hushed up the involvement of one

nushed up the involvement of one of their officials in an arson attack on a refugee hostel because it feared for the party's reputation.

In October 1991, a group of 10 to 20 people attacked the couple from Zaire, injuring the husband. The gang later attacked a refugee hostel and gracked all its raindean.

Last month, on the day after a synagogue in the northern city of Lübeck was fire-bombed, Franz

Schönhuber, a former Waffen-SS

demnation from Jewish and liberal

groups, and met with calls for the

Republicans to be banned as a dan-

ger to democracy, a move that Chancellor Helmut Kohl has ruled

Mr. Kohl said the Republicans

Boon has banned several ex-

treme-rightist parties and neo-Nazi

groups not formally organized as

political parties as part of a crack-

down since late 1992 on far-rightist,

must be fought with political argu-

ments and not by driving them un-

and smashed all its windows.

cause of anti-Semitism here. His outburst aroused angry con-

some racist assaults.

Rightists

told journalists. "The main thing is to reach a detailed

Mr. Rabin said the army would complete its with-drawal "two or three weeks" after the accord was

Mr. Peres also promised Mr. Arafat that once a Palestinian police force was in place in Gaza and Jericho, perhaps three weeks after the agreement is signed, the Israelis would finish withdrawing in a matter of days, rather than weeks as originally

The foreign minister also discussed several lesser issues with Mr. Arafat, including legal jurisdiction in the Palestinian enclave, often taking time out to speak by telephone with Prime Minister Yitzhak Rabin,

The issue of the jailing of Palestinian prisoners who belong to the Islamic militant group Hamas and their release is one of the major hurdles that remains to be

Mr. Peres said that once the Israelis withdrew from the occupied Gaza Strip and Jericho, he expected that the talks aimed at defining Palestinian antonomy for all of the West Bank and Gaza would be concluded quickly, rather than in the three years allotted for such

Both Mr. Peres and Mr. Arafat addressed the open-ing session of a conference of a foundation based in

but it is better not to set a date in advance," Mr. Rabin Switzerland, the Crans Montana Forum, and headed a panel on economic prospects for the Middle East. In discussions with the delegates, both made impassioned pleas for financial assistance.

"Up until now, the Palestinian economy has been under Lisaeli occupation," Mr. Arafat said. "It has been entirely linked to the Israeli economy. When the Israelis withdraw, our problems will be different. We will achieve authority, but after so many wars we need a Marshall Plan, as in Europe after the war."

The two men, who said they would meet again on May 2 in Cairo to discuss economic aid with foreign donors, held their talks here with a sense of urgency, according to those who sat in on the discussions.

The massacre of at least 29 Palestinian worshipers in a Hebron mosque in February and two suicide bomb attacks by Islamic militants against Israeli citi-zens were seen by both men as a direct result of the long delay in carrying out the self-rule agreement.

Both men warned that any derailment of the accord

would only further fuel militancy. "If we do not achieve peace, the only alternative will be complete confusion and a Balkanization of the conflict," Mr. Arafat said.

But the PLO chief was also unusually upbeat, saying for the first time in several weeks that he believed an ment would be obtainable soon.

I am sure," Mr. Arafat said, "that we are at the end of this long march."

Islam Group Claims Killing of Soldier

JERUSALEM — The militant Islamic group Hamas claimed responsibility Friday for the kill-ing of an Israeli soldier in a West Bank village. He

had been stabbed eight times in the back.

An anonymous caller to Israel Radio said members of Hamas had killed the soldier Thursday, a police spokesman said. Previous attacks by Hamas and Islamic Jihad, another militant group, have left 13 Israelis dead and 80 wounded this month.

Meanwhile, armed underground groups linked to Hamas and the Palestine Liberation Organization.

tion announced Friday that they had signed a cease-fire agreement in the Gaza Strip. They renounced "disputes and bloody conflicts" and agreed to put killings of Arab collaborators on

The two groups issued the joint statement in defiance of Israel's threat earlier this week not to implement autonomy if the PLO cooperates with Hamas or other groups that are killing Israelis.

WORLD BRIEFS

Algeria Group Warns Foreign Firms

MADRID (Reuters) — Islamic fundamentalists have warned foreign businesses to leave Algeria or risk being attacked both inside and outside the country, the Spanish daily El Pais reported Friday.

The Supreme Council of the Islamic Armed Forces, a shadowy entity

linking three militant factions, sent a statement to Western embassies and consuls in Algeria on Thursday, said the El Pais correspondent, Ferran

The letter accused foreign companies of collaborating with President Lamine Zeroual's government in the repression of fundamentalists. "Embassies have informed their respective governments of its content and have warned their businessmen of this new threat," wrote Mr. Sales, who is one of the few foreign journalists remaining in Algeria.

Black-Sea Fleet Talks End in Failure

SEVASTOPOL, Ukraine (Renters) — Negotiations between Ukraine and Russia on dividing the Black Sea Fleet ended in failure Friday, with the Russian delegation storming out of talks, Ukraine's Defense Ministry said. Alexander Kluban, a ministry spokesman, said the talks foundered on the issue of where to base the two sides' naval forces. He said Defense Minister Pavel S. Grachev of Russia tore up an agreement on splitting the fleet's ships reached earlier and left without saying goodbye to his

General Grachev said the two days of talks at Sevastopol, the fleet's headquarters, produced "no results." He declined to sign the accord under which Ukraine was to keep about 20 percent of the fleet's 833 vessels.

Italian Leaders Hold Cabinet Talks

ROME (Reuters) — President Oscar Luigi Scalfaro began formal consultations with political leaders on Friday to start forming Italy's first government since a three-party conservative coalition dominated elec-

Mr. Scalfaro met Carlo Scognamiglio, the Senate president, who was elected on the media magnate Silvio Berlusconi's Fozza Italia ticket. He was holding talks later Friday with the speaker of the lower house, Irene Pivetti, a member of the Northern League. The third coalition partner is the peofascist National Alliance.

The consultations are due to end Tuesday. Political analysts expect Mr. Scalfaro to ask Mr. Berlusconi to form a government. Mr. Berlusconi would then begin consultations with his coalition partners to form a

U.S. Won't Stop Returning Haitians

WASHINGTON (Reuters) — The United States said Friday it would maintain its policy of forcibly returning Haitian boat people to Haiti. The State Department spokesman, Mike McCurry, said the Coast Guard's decision to allow passengers ashore Thursday from a crowded vessel intercepted close to the Florida coast was a humanitarian exception.

The policy of forcible return, carried out despite a wave of political murder in Haiti of opponents of its military leaders, has attracted strong criticism in recent days. The deposed president of Haiti, the Reverend Jean-Bertrand Aristide, branded it Thursday as racist, a view echoed by

the Black Cancus in Congress and a number of prominent Democrats.

The Clinton administration is preparing to step up an economic embargo of Haiti in an effort to force its military rulers to step aside and allow Father Aristide to return.

Poll Finds Kohl Gaining on Rivals

BONN (Reuters) - Chancellor Helmut Kohl is catching up on his

Social Democrat rivals as more people believe the economy is emerging from recession, according to an opinion poll released Friday.

The monthly "Politbarometer" survey for ZDF television indicated that Mr. Kohl's Christian Democrats would win 37 percent of the vote if

general elections were held now, up one point from March, and the Social Democrats would score an unchanged 39 percent.

The poll showed personal support for Mr. Kohl rose to 39 percent in April, from 35 percent in March, while the opposition leader, Rudolf Scharping, slipped 7 points, to 47 percent.

For the Record

The Dutch and German defense ministers signed an accord Friday for a joint army corps. It creates a 50,000-man unit, with equal numbers of Dutch and German personnel, that will be under NATO command and have joint training, exercises and logistical operations.

(AP)

TRAVEL UPDATE

British Airways-Loganair Link Is Set GLASGOW (AFP) — British Airways and the Scottish airline Logan-

rangement on Scottish routes. It calls for Loganair to operate a service within Scotland called British Air Express, using British Airways planes.

British Air will take many of its larger planes off Scottish routes, using them instead on cross-border routes, such as Glasgow-Birmingham. Those Scottish routes will be taken over by Loganair, which will run them, along with its own Scottish routes, under the British Air Express banner. Loganair, owned by Airlines of Britain Holdings, gave up its non-Scottish routes to Manx, also part of the ABH group, earlier this year.

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A one-week pass to visit the Angkor temple complex will cost \$60 starting in May, the Cambodian press agency AKP reported. One-day and three-day tickets also will be offered, at \$20 and \$40. (AFP)

South Korean visitors to Canada will no longer need visas, the Canadian minister of citizenship and immigration, Sergio Marchi, announced. More than 35,000 South Koreans visited Canada in 1993. (AFP)

Medical Aide Opposes Using Doctors to Monitor Flogging

Reuters don't believe anybody is fit for a posed the involvement of doctors SYDNEY — The chief of the flogging." Dr. Ian Field, the associmi such punishment. World Medical Association, an in-ternational doctors' group, said press conference at the 138th much is the attempt by the authori-friday that doctors should not WMA Council Meeting in Sydney. ties to involve doctors in these proserve as monitors of judicial floggings or amputations. "If I was asked to certify some-

The United States Travel and Tourism Administration one as suitable for a flogging, I agers in Singapore sentenced to ing or flogging or anything else," he would simply say 'No', because I caning, but said the association op-(USTTA) intends to contract with a qualified responsible firm to provide warehouse and customer order filling services for the distribution of the USTTA HOLIDAY PLANNER in France and Germany. The contractor shall directly receive and fill individual consumer orders for the PLANNER, and perform the same services for orders

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an American teenager sentenced to be caned for vandalizing cars deliv-

ered a petition to the president of

chael P. Fay, carried five bundles of

names from the United States, Brit-

ain, Singapore and Hong Kong to a guard post at the presidential pal-

ace, according to a defense lawyer,

Mrs. Chan, who returned to Sin-

gapore from the United States on Monday, gathered the signatures in

an effort to persuade the govern-

Christine Lim.

Randy Chan, the mother of Mi-

Singapore requesting a reprieve.

SINGAPORE — The mother of

received from the U.S. Government and the European travel trade. The USTTA will provide the PLANNERS as Government Furnished Property (GFP) to the contractor for inventory and distribution free of charge. The contractor's cost of operations (warehousing, inventorying cost of taking orders), and a reasonable profit shall be passed onto the individual consumer via the retail price of obtaining a PLANNER. The contractor may be required to transport GFP from current warehouse locations in Europe to its own facility. The contractor is required to have its operating facility in Europe.

Interested parties should request a copy of the solicitation (number 52-SATS-4-000-55) in writing from Mr. Max Ollendorff at the American Embassay (USTTA), 2, Avenue Gabriel, 75383 Paris, Cedex 08, France.

living in Singapore with his mother

officer, accused the German Jewish leader, Ignatz Bubis, of being the worst inciter of race fistered and the

The petition, with more than 6,000 signatures, was separate from a clemency appeal filed Wednesday that is the last chance to escape the lash for Mr. Fay, who has been and stepfather since 1992. He also is serving a four-month jail term for

vandalism. Each count carries a mandatory three lashes with a rat-

can cane on bare buttocks.

ment to spare her son, who pleaded a 10-day vandalism spree last Sepceive caning as punishment each guilty last month to two counts of tember with other foreign teen-year in Singapore for various agers.

There has been no official com-

LENIN REMEMBERED — A demonstrator with a portrait of Lenia at a rally on Friday in Moscow marking the 124th anniversary of the first Soviet leader's birth.

ment about the petition campaign or the clemency plea to President ong Teng Cheong. Under Singapore procedure, Mr. Ong must concept that the police bullied Mr.

decision on Mr. Fay's formal legal to meet again until Wednesday. An average of 1,000 people re- wasn't coerced from him,' notwith-

sult the cabinet before making a Fay into making a confession. plea. The cabinet was not expected reported to have said that 'it's not refuting this complaint. It did not

crimes, according to official fig-

"President Clinton himself was entirely clear that his confession

pursue the matter further." (AP, Reuters)

process of law," said the statement

"In October 1993, the U.S. Em-

bassy complained that Fay had

been physically abused," the statement added. "A Ministry of Home

Affairs investigation found no evi-

dence of police abuse. The U.S.

Embassy received a full account

issued Thursday.

and to be present during the pun-ishment to monitor the prisoner's "I don't think that is a doctors' responsibility and that is not why we trained in medicine to provide

that Singapore required a doctor to

certify that a person is fit for caning

this sort of assistance," he said.

Aid Groups and Africans Assail UN's Rwanda Cuts

Dr. Field would not comment about the amoutation of limbs as a

directly on the cases of two teen- form of judicial punishment, can-

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Unity on Friday condemned a on April 6 that killed the presidents LONDON — Relief agencies United Nations decision to with- of Rwanda and neighboring Bu-and the Organization of African draw all but a skeleton force of rundi An estimated 100,000 people peacekeepers from Rwanda. The UN Security Council decid-

Rwanda to a minimum of 270 cused the United Nations of abantroops, despite fears that the move would only increase the carnage in the Central African country. On Friday, UN relief officials emergency aid to Kigali, citing poor security around the Rwandan

capital's airport.

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have been killed.

cedures, whether we are talking

In Addis Ababa, Ethiopia, the ed on Thursday to cut its force in Organization of African Unity acdoning the Rwandan people.

The group's secretary-general,
Salim Ahmed Salim, said the deci-

sion to cut UN forces revealed a called off two flights carrying lack of concern for Africa at a time when the world body was increasingly involved elsewhere. In London, David Bryar, direc-

Rwanda has been plunged into a tor of Oxfam, said the aid agency tribal bloodbath since a plane crash was "outraged" at what he called a

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withdraw most of the UN force, which at one time numbered 2,500

The International Committee of the Red Cross warned this week that it would be a mistake for the UN forces to pull out. It said it had scale as in Rwanda.

■ Strife in Borundi Capital Gunfire broke out Friday in the Burundian capital, Bujumbura, amid fears of an eruption of ethnic violence like that in Rwanda, Agence France-Presse reported.

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Britons Prefer Solemnity To Celebration for D-Day

LONDON --- A large majority of Britons disagree with faltering government plans for a national celebration to mark the 50th anniversary of D-Day and support calls for solemn commemoration. a poll indicated Friday.
Of 1,062 adults interviewed across Britain, 62 percent of those

over 18 and 72 percent of people old enough to remember the 1944 landings in Normandy said they believed that "solemn national ceremonies of commemoration to remember the dead" were the right way to mark the day, the NOP poll for The Independent found.
Also, 52 percent disagreed with "the government's plan to have a national celebration" and 65 percent agreed with criticism by D-Day veterans that the anniversary would be "trivialized by firework

displays and street parties." Following a barrage of criticism from veterans and members of Parliament across party lines, and urgent meetings with representa-

tives of the Normandy Veterans' Association and the Royal British Legion, the government has agreed to tone down plans for what it originally described as "a dazzlingly entertaining family day" on July 3 in London's Hyde Park.

Veterans, backed by the wartime armed forces "sweetheart," Dame Vera Lynn, earlier this week threatened a boycott, but have now agreed to reconsider and draw up their own suggested program.



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THE AMERICAS / NEO-WELFARE CHEATS

Politicians Latch Onto a Radical Reform of the Dole—By Abolishing It

By Jason DeParle

New York Times Service

WASHINGTON — A decade ago, when Charles Murray first proposed abolishing wel-fare, the idea was so radical that even be would not fully embrace it.

He wrote that he was simply conducting a "thought experiment" by suggesting that poor women and children should lead for themselves, without government aid.

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Now, with a force that has stunned even Mr. Murray, politicians are embracing the idea. The talk of reforming welfare by extinguishing it shows how far and fast the debate is moving to

While the proposal is unlikely to become law anytime soon, support for it could fracture the fragile consensus around proposals like those of

President Bill Clinton, which would preserve benefits but make people work for them.

Last week three leaders of the Republican Party, including Jack F. Kemp, the self-styled "bleeding-heart conservative," signed oo to a plan that would abolish payments to women

younger than 21. There are at least three related proposals in Congress, and two of them would allow states to extend it to women of all ages. The trend partly reflects a partisan attempt

by Republicans to distinguish themselves on the welfare issue. But one of the bills has a Democratic anthor, Senator Joseph I. Lieberman of Connecticut.

Mr. Murray, now affiliated with the American Enterprise Institute, a Washington research group, is no longer thinking out loud. He maintains that the drastic move is needed to reverse the spiraling rates of out-of-wedlock births, an authoritarian state.

But skeptics say that cutting off government aid would lead to increased homelessness, child abandonment, hunger, abortion and perhaps even street violence. Senator Daniel Patrick Moynihan, Democrat of New York, said last week that the move could provoke "scenes of social trauma such as we haven't known since

The bills tacitly acknowledge some of the risks, by providing money to build homeless shelters and orphanages. Senator Moynihan vowed that as long as he was chairman of the Senate Finance Committee, which controls wel-fare policy, "this kind of thing is simply not going to happen."
But he agreed that welfare politics was in a

volatile state in election year. Consider: a Dem-

would impose the toughest work requirements in the welfare program's half-century history. But House Republicans are already calling the plan 100 soft, and they have drafted a bill

with even stricter work requirements. Now Mr. Kemp is arguing that even that measure does not go far enough. He outlined his views last week in a public memorandum, which was co-authored by his co-directors at the political organizatioo Empower America. They are William J. Bennett, the former secretary of education, and Vin Weber, a former Republican congressman from Minnesota. The memorandum was striking in its partisan tone, which may reflect a Republican fear that Mr. Clinton

is stealing the welfare issue from them. Representative Newt Gingrich of Georgia, the Republican whip, said the move was an attempt by Mr. Kemp "to get more press atten-tion," which Mr. Kemp acknowledged. But Mr. Gingrich added that he was among those interested in abolishing welfare benefits.

Nearly 30 percent of all Americans are oow born to single mothers: 22 percent of whites and 66 percent of blacks. The figures have climbed every year for three decades, and most analysts view the trend with alarm.

Mr. Murray has been sounding his warnings since at least 1984, when he proposed his thought experiment in the book "Losing Ground" (Basic Books). But he rose to new prominence last October with an article in The Wall Street Journal that predicted the rise of a large white underclass. "Every once in a while the sky really is falling," he wrote. Even Mr. Clinton praised his analysis as

Analysts endlessly debate Mr. Murray's belief that the welfare system is a main cause of the rise in out-of-wedlock births. His detractors note that single parenthood is also rising in other countries and among affluent Americans.

Mr. Murray argues that, without welfare, out-of-wedlock births would fall by as much as 50 percent in the first year. He argues that women who do have children they cannot support could marry, seek charity, put their children up for adoption or in government-fi-

nanced orphanages. Senator Lieberman argues that drastic situa-tions call for drastic measures. "I don't want to sacrifice a generation of kids, but I'm also saying, 'Let's remember folks, the conditions that children are living in now are dreadful."

* POLITICAL NOTES*

The Crime Bill: Something for Everyone

WASHINGTON - Now that the House has passed its anti-crime bill, a politically fetching package of tougher penalties and bigger prisons and more prevention programs. Congress seems likely to vote a final version into law by the end of May, when the summer campaign season gets uoder way.

The vote Thursday was 285 to 14, after a week of debating and amending increased the bill's stated cost to about \$27.9 billion for the rest of the decade. The breakdown is \$15.5 billion for oew prisons, \$5.3 billion to hire \$0,000 new local police officers and to expand federal law enforcement, and \$9.2 billion for crime preventioo and drug treatment.

But those figures are largely for show. The final version still oceds to be hammered out in discussions with senators who passed their own version of the crime bill last November. Both sides have already agreed that the spending will total \$22.3 billion, including the Senate's provision of \$9 billion to hire and train 100,000 neighborhood police officers.

How best to spend the rest — to punish existing crooks or to prevent youngsters from becoming new ones — will be the main issue in the committee negotiations, said the chief sponsor of the House measure, Representative Charles E. Schumer, Democrat of

The House would spend considerably more than the Senate on crime-prevention tactics like drug programs, family counseling, inner-city sports leagues and neighborhood watch groups. The Senate, in turn, would like to spend more on state prison construc-

Still, after decades in which Congress has repeatedly beefed up laws, built jails and warred on drugs and youth crime to little effect. some experts woodered aloud bow much this latest measure could

"It all depends on whether you want to be in the punishment business or the crime-control business," said Jerome H. Skolnick, a professor at the University of California-Berkeley law school who heads the American Society of Criminology.

"They're not the same. If you want to punish, fine; but it's very

"They're not the same, If you want to putting the costly. If you want to control crime, you've got to put your money (NYT) into rehabilitation and prevention."

Rostenkowski: Lift Taxes for Health Care

BOSTON - Representative Dan Rostenkowski, chairman of the House Ways and Means Committee, called Friday for a "broad tax increase" to finance some of the cost of health care, and insisted that

employers pay much of the cost of their workers' premiums.

The Illinois Democrat, one of the half-dozen most influential members of Congress on health care, said additional money was needed because be doubted the Clinton administration's estimates about cost savings. He said he did not want to some new levy, like a value-added tax, but instead preferred to expand "a tax that is already on the books."

adding he would make his proposal first to his committee when it convenes to deal with this issue, probably the week after next. In the past he has also unsuccessfully advocated much higher gasoline

Mr. Rostenkowski's proposal contradicts the Clinton administration's fear that health care legislation would be doomed if any major taxes were sought to finance it. Mr. Rostenkowski said, "I think this is a major program, and if we are serious, we have to belly up to the

This was the second major congressional step in a week designed to move health care legislation out of the theoretical stage and into

A 2d Senator Seeks to Succeed Mitchell

WASHINGTON - The chairman of the Senate Budget Commit tee, Jim Sasser, a Tennessee Democrat, told colleagues that he would run to succeed Senator George J. Mitchell of Maine as majority leader, virtually assuring a two-way race between Mr. Sasser and Senator Thomas A. Daschle of South Dakota for the party's top leadership post this fall. Mr. Sasser, 56, is 10 years older than Mr. Daschle and has served

in the Senate for 18 years, 10 years longer than Mr. Daschie and has served in the Senate for 18 years, 10 years longer than Mr. Daschie. As a Southerner, Mr. Sasser may have an edge among Southerners, although leadership races do not always follow regional lines. Both have liberal-to-moderate voting records and strong partisan

credentials. In its ranking of votes last year, the National Journal showed Mr. Daschle voting more liberal than Mr. Sasser on economic policy, less bberal on social policy.

Quote/Unquote

Ross Perot, the former and maybe future candidate for president oo a plan to bypass congressional committees to cut spending: "We have to go through this process, unfortunately, because there's no discipline oo spending. We still think that we are the last superpower, that we have all the money in the world. We don't like to look at the instrument panel and see that we're running out of fuel." (W?)

TRIAL IN N.Y. SERIAL KILLINGS — Joel Rifkin, 34, who has admitted killing 17 women, dozing during the first day of testimony in his trial in Mineola, New York. Mr. Rifkin's attorney is pursuing an insanity defense in the first case against him. A New York Police Scourge: 'Testilying'

By Joe Sexton New York Times Service

NEW YORK - City police offi-cers often make false arrests, tamper with evidence and commit perjury on the witness stand, according to a draft report of the mayoral commission investigating lice corruption.

The practice - by officers either imately interested in clearing the streets of criminals or simply caser to inflate statistics - has at times been condoned by superiors, the report said. And it is prevalent enough in the department that it has its own nickname: "testilying.

"Penjury is perhaps the most widespread form of police wrong-doing facing today's criminal jus-tice system," the draft report said. The report did not try to estimate what proportion of the dopartment had engaged in such practices, but based its judgment

on the commission's two-year investigation and interviews with scores of officers. The finding, coming on the heels of recent corruption scandals involving drug dealing and brutality. will further threaten public confidence in the integrity of the Police Department, the report said. The study also described a level of mis-

conduct and abuse that goes well beyond what the commission had ide public in an interim finding In its new findings, the Mollen Commission report also said that the oumber of corruption cases "buried" by the Police Depart-

ment's Internal Affairs Division was more than three times greater than first suspected. In addition, the report found that in at least two instances representatives of the police unioo had 'tipped off" targets of inquiries. And in its discussion of false

testimony by officers, the report

said that the commission "was told of officers up to the rank of captain being actively complicit in and was being revised, the substantive being actively complicit in and even encouraging warrantless

partment and the city have experi-enced before," the document said.

Milton Mollen, the former decuty mayor who was appointed to head the commission, said that the draft report was undergoing "substantial revisions" and that the fi-

nal report "will be very different." He would not say what the revi-sions concerned, and he declined to answer questions about the substantive conclusions arrived at in the draft report. A copy of the report was shown to The New York Times by a law-enforcement offi-

The police commissioner, William Bratton, said be would not comment on any aspect of the draft report and would reserve judgment until the final version was officially released. The final report is scheduled to be released by the end of

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findings would not change,

This is corruption more harmful to relations between police and
the public than anything the de-

It cited ournerous instances of police officers tampering with evi-dence to justify arrests, falsifying reports and then lying under oath hen questioned by prosecutors. It also said the Police Department's own corruption categories did not even include a category for perjury or falsification of records.

"One commanding officer encouraged such illegal searches and arrest charges as a means of bol-

stering his unit's performance re-cord," the report said, Robert Morgenthau, the district

attorney for Manhattan, said be thought the scope of the perjury problem might be exaggerated in the report. But he said he had prosecuted a handful of perjury cases against police officers recently, and that one major drug conviction had ered that the police had lied about the reason for the initial arrest.

Charles Hynes, the district attorney for Brooklyn, said that police officers often tried to get around the problem of occding probable cause before making an arrest by what he called "the dropsy syndrome" - falsely testifying that a suspect "tossed a package containing white powder to the ground" as he was approached.

First Lady Defends **Financial Dealings**

Mrs. Clinton Says She Knows Of No S&L Aid to Campaign

had no knowledge of any money

paign.
The president's wife also acknowledged that she had opposed the appointment of a special counsel to investigate the Clintons' financial dealings, including those of the savings and loan and an associated real estate development called Whitewater.

Additionally, in an extraordinary, hourlong news conference carried on all four major U.S. television networks, Mrs. Clinton defended her lucrative trading in commodities futures under the guidance of an Arkansas lawyer who represented one of the biggest companies in the state.

Within a few months, she managed to expand a \$1,000 investment into \$100,000, trading in commodities she acknowledged she knew very little about,

Seated in a chair to the State Dining Room, Mrs. Clinton calmly fielded questions about the intricacies of her financial dealings as well as the political fallout the controversy has brought on the adminis-tration of President Bill Clinton.

While patient with the questioners, she said she was mystified at all the questions over a land investment that turned out to lose money. "It keeps getting beat like the

again," she said. The real estate investment and its relationship with the failed Loan is at the center of an investiation by a special counsel, Robert B. Fiske Jr., into the Clintons' fi-

nancial dealings in Arkansas. Mrs, Clinton acknowledged pubthat she had opposed the appointment of a special counsel.

The Associated Press "But the president made the de-WASHINGTON — Hillary cisioo that we had to get on with Rodham Clintoo said Friday she the important business that we came to Washington to do," she from a failed Arkansas savings and loan being transferred into her husband's 1984 gubernatorial camband's 1984 gubernatorial camband

House and the Clintons' personal attorney had provided incomplete accounts of her financial dealings in the past. She attributed that to confusion and missing records, not any attempt to mislead. There wasn't any one person in

charge of trying to get everything together," Mrs. Clinton said. "We did the best job we could trying to remember things."

She took several questions about the suicide of the deputy White House counsel, Vincent W. Foster Jr., who had worked with her at the Rose Law Firm in Arkansas. She said she could not comment in detail on the White House handling of documents found in his office because that was a subject of the special counsel's investigation. But she said was not aware until

after Mr. Foster's death that there were Whitewater and other Clinton family financial records in his office. Since then, Mrs. Clinton said, she learned that Mr. Foster had been helping the family's personal lawyer to set up a blind trust and deal with financial filings required of public officials.

She also said she did not believe there was any conflict in any of her legal work for companies that did

Mrs. Clinton said repeatedly she did not believe that she or her husband had received any special investment or in her commodities

believed she got special treatment licty on Friday for the first time or favors from her commodines trader because ber husband was Arkansas governor.

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Away From Politics

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 People called for jury duty will be questioned extensively about their experiences, beliefs and attitudes oow that the U.S. Supreme Court has ruled that potential jurors cannot be excluded because of their sex, lawyers and other legal specialists predicted. A chemical used in space-shuttle engine fuel leaked from a storage facility at the Johnson Space Center in Texas, causing a toxic cloud. More than 50 people suffered eye, nose, throat and skin irritation.

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CARR'S

Forward Slowly on Bosnia

At this late stage in Bosnia's tragic passage, any new American initiative was bound to be a matter of increments. This is the case with President Bill Clinton's latest plan for some new measures of bombing and diplomacy in Bosnia. All the touches be mentions hinge on the approval and participation of NATO, the United Nations or Russia. His essential judgment remains that American interests in Bosnia are not so great that the United States must pursue them alone. In this judgment be is right. But it puts on him an inescapable burden to hring along the assorted partners and collaborators, and not to hide behind their reservations in order to mask his own.

The steps proposed are designed on the hopeful theory that nothing particularly strenuous needs to be done to bring Bosnia's Serbs back to the bargaining table and in a frame of mind to negotiate. Gorazde and the remaining UN-designated "safe areas" would be offered the protections of air power against attacks on civilian targets. Some sort of "major diplomatie initiative" would harness up Russia, which is deemed now, after being repeatedly played for a fool by the Bosnian Serbs, to be ready at least to countenance NATO bombing - although some statements out of Moscow on Thursday

This is a policy fashioned on the cheap. It does not explicitly threaten to bomb Serbian targets beyond the "safe areas." Nor does it appear to anticipate the reprisals the Serbs could yet make against UN peacekeepers and international relief workers already on the ground. It does not commit the United States to take the single step - ending the international embargo on arms to Bosnia - that would enable Bosnia's self-defense and moot the question of foreign ground-combat forces. It keeps Washington exposed to the damaging charge that it asks its allies to court risks - to the peacekeepers they have dispatched to Bos-nia — that the United States refuses to share.

But if hard questions can be asked about this policy, it still represents an improvement. The Clinton administration may not be driven by a large sense of strategy, but it perhaps can respond to heightened public awareness of the agony of a people. The cautions built into the new proposals may diminish their immediate impact on the calculating Serbs but may also make participation more palatable to hesitant allies. All this assumes that President Clinton is going to win the support he needs from Russia and Europe to put these proposals into effect. They might keep in mind that Serbs shelled the hospital in Gorazde on Thursday, again.

- THE WASHINGTON POST.

Russia's Surprising Progress

Russia's economic performance is turning out to be better than Western governments expected at the beginning of the year. In response, the West has decided that it is time to take the modest risk of giving the Russians some financial support. That is the meaning of the International Monetary Fund's announcement that it has now extended a long-

delayed \$1.5 billion loan.

After the Russian elections in December, with the victory of the nationalists and the defeat of the reformers, the outlook seemed very hleak. But over the following months Russian economic policy has been moving in the direction that the IMF's technocrats urged. The IMF is run mainly by the rich democracies. The big aid packages announced over the past two years, first by President George Bush and then by President Bill Clinton, included a lot of loans from the IMF and other international agencies that were never delivered because the Russians were not hitting the economic targets that the lenders required. The key one is the inflation rate.

The IMF says that any further help to Russia will be contingent on, above all, an inflation rate that descends to 7 percent a month by the end of this year. The rate was 20 percent a month in January, 11 percent in February and 7.5 percent in March. It may bounce back up again because of a burst of spending in the winter, but the IMF can plausibly argue that the Russians are getting

their economy under control. It is still sinking. Output fell 17 percent in the first quarter of this year, and, though much of that reflects obsolete factories closing down, that is a dire decline. But the IMF believes that if Russia keeps the policy promises it has made in negotiating this loan, it will begin to show real growth next year. Experience in the smaller economies of Eastern Europe and the Baltic states supports that optim

The IMF loan will be worth far more to the Russians than the money it provides. Because it says that the IMF thinks Russia is on the right track, that makes it easier for Russia to borrow from others. Even more important, it will encourage the private investment that can be crucial to Russia's prosperity.

Russia has most of what it needs to become a rich country - not only huge reserves of oil and gas but, much more to the point, an educated people with industrial experience.
The great threats to economic growth are an unsteady political system and the increasing prevalence of organized crime, Russia has been going through a revolution, and nothing in its future is certain. But its government is making more progress than seemed possible three months ago. The IMF's loan acknowledges that and, in a limited but very useful way, encourages more of the same.

-THE WASHINGTON POST.

Respect the Haitians' Rights

administration's diplomacy and its treatment of would-be refugees was not very diplomatic. But on the refugee issue at least, Father Aristide's complaints are on the mark. Using U.S. Coast Guard cutters to turn back Haitians trying to flee their violent and tormented country is cruel and discriminatory.

U.S. law requires a hearing for anyone claiming asylum. But there is a catch. Courts have ruled that applicants must reach U.S. jurisdiction before they can avail themselves of this right. Obstacles deliberately placed in their path make that harder for Haitians than for others. Now, with progress toward a diplomatic solution in Haiti stalled and terror there rising, Washington has a moral obligation to end this

discrimination against desperate people.
In 1981 the Reagan administration signed a treaty with Haiti's Duvalier dictatorship that granted U.S. ships the right to intercept Haitian vessels on the high seas. President George Bush used this treaty to divert the thousands who fled Haiti after the 1991 military coup, first to the U.S. naval base at Guantánamo Bay in Cuba and later directly back to Haiti.

President Bill Clinton condemned this policy of forced return during his election campaign, but then, fearing a nativist backlash if refugees landed in Florida, continued it when he took office. Those with asylum claims were told to present them in U.S. diplomatic offices

The angry hlast Thursday by President on Haitian soil. Given the regime's bloody Jean-Bertrand Aristide of Haiti at the Clinton reprisals against critics, this may not seem a realistic option to those seeking asylum.

But there was supposed to be a quid pro quo. Early in 1993, the Clinton administration assured rather Aristide's su would move quickly on the diplomatic front to restore the ousted leader to power. Father Aristide, in turn, held off from publicly criticizing the Clinton refugee policy. But 15 months later, Washington's diplomatic campaign has gotten nowhere and Father Aristide is again raising his voice on the refugee issue. Earlier this month be gave six months' notice that Haiti would abrogate the 1981 treaty.

Under congressional pressure, the administration has begun to toughen its diplomacy. But it still seems determined to deny Haitians the right to have their claims heard. The Justice Department recently reinterpreted U.S. refugee law to permit the summary re-turn of ships and their occupants without hearings even if they are boarded within U.S. territorial waters

Instead of twisting law and decency, Washington ought to live up to American principles. Restoring Father Aristide to power without recourse to military force may not be possible at this time. Giving a fair hearing and humane sanctuary to those trying to flee a terrorist military regime a few hundred miles off the Florida coast surely is.

-THE NEW YORK TIMES.

Other Comment

Ominous Parallels for the UN

Is the United Nations going down the drain as a peacekeeping organization? Although it has had successes in Namibia and Cambodia, for example, it has failed in Angola and Somaha and left its job unfinished in Iraq. As it sinks into the Bosnian quagmire, the debate over its future will intensify.

Parallels with the League of Nations begin to look ominously apt. When that organization was set up after the First World War it, too, faced a world of falling empires, ethnic disputes and Balkan conflicts. It, too, lost American support - and collapsed for that

reason, opening the door to the Second World War, Without minimizing Europe's failures, UN peacekeeping is also doomed without the full engagement of the United States.

Too many members [of the U.S. Congress] still hanker for isolation and make a false distinction between domestic and foreign affairs, refusing to see that the prosperity and security of the United States depend on how much of the rest of the globe is friendly, democratie and prosperous. As a result, they shrink from the mevitable costs and risks of peacekeeping and contribute to the confusion in the executive branch.

- The Independent (London).



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Bosnia: The UN Has Its Masters' Vices

By Stephen S. Rosenfeld

the strangling of Gorazde — is now widely cited as an ultimate humiliation for the United Nations. This, while true, is too narrow a judgment. Again the United Nations has proved its great value. Not, alas, in problem-solving, but in providing a scapegoat for the hesitations of its

Realistic Americans and Europeans knew the UN would only be assigned problems where failure was a live option.

masters, starting with the United States. The ignominy of this role does not diminish its utility to those who so exploit it.

The permanent members of the Security Council assigned the United Nations the ambitious task of somehow making things come out all right in broken Bosnia. Then they provided resources, guidance and authority wholly insufficient to allow the Unit-

ed Nations to do the job.

When, fulfilling many grim
prophecies, the fallible men and women of the United Nations failed, its critics fell to blaming the world body itself. They concluded that if a tough job is actually going to get done, the United States or this or that other interested country will have to do it on its own.

But it is late in the day for pseudotoughness. If an interested country were sections in the first instance, it would not farm out the mission to an organization vulnerable to the limitations and misgivings that typically shackle the United Nations, Firstorder problems, such as a threat to

WASHINGTON — The carving vital oil supplies, are dealt with by up of Bosnia — in particular. affected nations. Second- or thirdorder problems, such as unrest in a place that can be set apart, are handed off to the United Nations. This is the hard logic of the international

division of political labor.

I learned something about this logic from recent talks with wellplaced Europeans. As always, they pine for American "leadership." But by leadership they do not mean zeroing in on Bosnia, a matter they believe requires only lesser, tactical decisions to contain the damage and the fallout. They mean demonstrating a capacity not to be everly distracted by Bosnia, not to be kept from presumably more important things. Things like — this is the source of Europe's enduring neuralgia — staying engaged in Europe and tending to Russia. It is wrong to say that people here

in America and governments there in Europe are disenchanted and disillusioned with the United Nations. Not very many of them were en-chanted in the first place. At least the more realistic among them knew instinctively that the United Nations was only going to be assigned problems where failure was a live option. Not that anyone wanted failure. But no one wanted to pay much for success. This, of course, is what has afforded an edge to those in any given place who are most responsible for the disorder the United Nations is asked to treat. It also helps explain the downsiz-

ing of the very definition of failure. In Haiti, for instance, the mere appearance of some gesticulating thugs on the dock was used to un-dermine the whole American mission of preparing a transition back to democracy. In Somalia, the death of 18 American soldiers was allowed to pull the plug on another



By RAGEN to Verden Gong (Onlo). CRW Syndicate

In Bosnia, President Bill Clinton has chosen up to this point not to match the allies' readiness to supply ground troops to deliver relief, and not to stand up to a smaller and weaker but more assertive Bosman Serbian army. All these matters involved American decisions, yet by the dubious bookkeeping of politi-cians under pressure they are deb-ited to the United Nations' account. In Bosnia, UN bareaucrats and military commanders have taken the several, often contradictory parts that the United States and others wrote for them in UN resolutions wrote for them, mind, without giving them the tools to do the job. When, predictably, the United Nations does not perform adequately as a military enforcer, an honest broker or an aid provider, the hit squad issues pas-sionate analyses of the world body's

mortal shortcomings.

Let it be noted that the man at the eye of the humicane, UN Secretary-

General Butros Butros Ghali, anticipated these difficulties a couple of years ago and offered a solution. Tune up the United Nations in advance for the new termoil of the post-Cold War era, he said. It was a UN bureaucrat's solution. It was derided or ignored by the best peo-ple. Their alternative solution was to cooperate up to a point with the United Nations but otherwise to reserve to each member-nation flex-ible powers to deal with the crisis of its choice.

We have had almost two years of testing that alternative solution.
Looking at Somalia, Haiti and Bosnia, are you pleased with the results?
These three leading exhibits are disaster areas. True, we Americans have preserved much of our autonomy in policy-making. A disinterested doctor might say that in that sense the operation has been a success. But the patients are nearly dead.

Before Dropping Bombs, Where's the Peace Plan? By A. M. Rosenthal

N EW YORK — After more than a year of cogitation, President Bill Clinton has re-

vealed his strategy for peace in Bosnia: bomb.

I can't get it through my head that he really wants to go down in history, forever down, as Bomber Bill. Will that be what it all amounted to, all the idealistic Clintonianism? Just bombs away, without ever putting a peace plan on the table? That's it? The desktop commandos scream joy - go Bill

go, bomb, man, bomb. Surely the man is smart enough, though, to know that bombs will not panie the winning Bosman Serbs, Bombing Serbs will not make the losing Bosman Muslims any readier to make a deal.

But he must have enough sense to look for an escape from the war trap into which he has led. America. If so, he can phone the president of Russia and accept his idea of an emergency summit meeting. If they have the wit and guts, the United States and its allies can, with Russian help, at last come up with a plan to end the war they did so much to help start.

The West and the Bosnian sides roined any chance of restoring a single Bosnia, so the questions are two. Who gets how much? What happens to the Muslims driven from their towns by ruthless Serbian policy?

I wonder how many Americans realize that in the years of staggering and mumbling ever deeper into the Balkan mess, their government never came up with a plan to end the war, not a one. All it did was rain on everybody cise's plan, until Mr.

Clinton presented the dazzling concept of peace arriving by bornh bay.

That will get the Bosnian Serbs to the negotiat-

ing table, he says. Whoever said that was the problem? Bosnian Serbs, Croats and Muslims have been there so often they have engraved nameplates on the chairs. The problem is getting them to agree to a peace plan — which will never happen as long as NATO and Russia do not give them a plan to agree to.

The plan must embody American-NATO pressure on the Muslims to grasp that they have lost a war sparked by their own declaration of independence over the objections of a 30 percent Serbian minority.

Then came the lit match — the swift Western

and UN recognition of Bosnia, a nation headed straight for civil war, and a Bosnian government that did not have a prayer of defending itself against a big slice of Bosnia's own people.

Bosnian Muslims and the West knew the Christian Bosnian Serbs, armed and backed by Serbia, would fight to prevent their ancestral villages from becoming part of a new state, controlled by Serbs and Croats long converted to Islam.

This is a civil war — vicious and with foreign

intervention. Is there any other kind? The West intervened by speeding the breakup of Yugosiavia and rapid recognition of Croatia and Bosnia. Serbia intervened with supplies and some troops, to help Bosnian Serbs — who promptly lost international sympathy or a hearing for their political case by driving Muslims from their villages, shelling civilian targets and breaking

so many traces that they even infuriated Russia.

Losers lose. The Muslims will have to accept a decrease in the territory they want to control. But winners can no longer take all. The Europeans, particularly Russia, must pressure Serbs to allow the return of some Muslims "cleansed" out of their villages. Muslims who will not again gamble their lives on Serbian-Muslim brotherhood should get

compensation — and open doors in the West-In the end, the United States, Russia and West-ern Europe will have to push through a peace plan, no matter how many NATO bombs drop on Bosnia. If not, the war will last years, possibly decades. We know that happens: a dozen right now as we breathe.

Meantime, President Clinton is doing what he

said he would never do - send Americans into action without telling them when and how they would get out. If he meant only the army, that will be a mean surprise to members of the navy, the marines, the coast guard and the air force.

But I don't hear anybody in government saying that the presidential pledge against open-ended commitment has been broken. Maybe the lives of sir force crews are not worth mentioning. That must be it, because in Congress and the press all you hear is go Bill go - bomb, man, bomb. Is that

really, Bill Clinton, the whole thing? The New York Times.

Invite Germans to Normandy, for Europe's Sake

By Dominique Moïsi and Karl Kaiser

ARIS — Germany won't be the only party absent on the 50th anniversary of the Normandy landing — Europe won't be there, either.

Some have argued that D-Day is not the appropriate moment to himg Germany into the commemoration, and that a more sensible date might be May 8, 1995, the anniversary of

V-E Day. We disagree.
The D-Day landing remains the most powerful symbol of the triumph of democracy against Hitler. To exclude Germany, which has become a model of democracy and a motor of European unity, from such a celebra-tion — particularly on the eve of important European elections - is a major error.

Such an omission reveals the extent to which the European ideal is fading in the minds of political elites. It is a sad reflection on the moral state of a European Union whose recent enlargement has been barely noticed, not to mention celebrated, in an atmosphere of renationalization

of European politics. Western Europe was fortunate to have been rebuilt after World War II by statesmen who knew that if they forgot history they could be conmed to repeat it. They aimed their policies at two goals, which produced the historical miracle of an essentially peaceful West European community. The first was the need to establish strong democracies as the crucial pre-

COULD NORTH KOREA

launch a surprise attack as it did

in June 1950, and overwhelm the joint

South Korean-American forces, as

The assertion raises many ques-tions. How, to begin with, could the

North Koreans surprise the combined

U.S.-South Korean forces? They have

an awesome array of intelligence sys-

tems capable of detecting every phase

of attack preparations. Since 1989, North Korea has cut

military spending 50 percent, while

South Korea has increased its spend-

ing 50 percent and is now outspending the North by 6 to 1. The South enjoys

marked advantages in the quality of its military equipment, technology, mo-

bility, intelligence and logistic support

some analysts contend?

requisite to peace. The second was to been building a bulwark against a avoid repeating the mistakes that iso-lated and humiliated Germany at Versailles, by integrating the former enemy into an ever closer community of European societies and states shar-

mensurate with their resources. The D-Day anniversary could have been an occasion to celebrate the victory of democracy in Europe -all countries, after all, were liberated from Nazism, including Germany. It is natural that war veterans should be celebrated specifically, for their sacrifices were great and admirable. But there should be a wider message, positive and future-oriented, a message that cannot be con-veyed if Germany is excluded.

ing responsibilities and burdens com-

Germany's absence from the June commemoration contradicts the successful policies of European postwar integration. Most of the Germans responsible for the tragedy are dead. Germans of all ages want to celebrate the victory of their democracy, which they owe to liberation by, and years of cooperation with, the Allies who freed them.

The "never-again" message should be backed with concrete action. As we celebrate the victory of democracy over the forces of evil, can we afford · to exclude those with whom we have

Set a Calm and Patient Course on North Korea

as well as superior air and naval forces.

advantage of defending vs. attacking, the existing military balance and the certainty that the full weight of U.S.

military power would oppose any ag-

gression from the North, any attack by

On the nuclear question, there is concern that North Korea may ac-

quire some spent fuel from an experi-

mental nuclear reactor this year. This

might then be reprocessed to produce

weapons-grade plutonium. But that would leave the North Koreans far

short of possessing a military capabil-

ity with nuclear weapons. For this

they will need to fabricate reliable

"triggms" capable of producing a sig-nificant explosion and to configure a

Pyongyang would be suicidal.

Given the unquestioned military

return of the past? With Europe suffering through its most severe identity crisis since the war, can we neglect the challenge of the future? Such insensitivity might endanger the delicate emotional balance on which French-German relations reside. And by maturing nationalist leel-ings, which are based partly on exclu-sion, it risks encouraging the rise of

the extreme right in Germany.

To invite only those who landed in 1944 to the D-Day commemoration sends a signal that is in fundamental contradiction with what will take place a few days later, when the peoples of the European Union elect the European Parliament. Were the ideas and forces behind the arduous creation of the Union not genuine?

The French-German encounter slated for June 8, in Heidelberg, will not make up for the absence of Germany two days earlier on the landing beaches. French-German reconciliation is fine. But it has served mainly as a means to a higher goal: building a Europe united by democracy.
Television cameras from all over

the world will be present on the Normandy beaches. The celebration in Heidelberg can only appear as a hast-ily organized consolation prize. There must be a positive symbol un

ting deadlines, it may generate a mili-

Retired Admiral Eugene Carroll Jr., director of the Center for Defense Infor-mation, in The Washington Post.

tary crisis where none exists.

the International Herald Tribune.

the beaches of Normandy. It is not too late to change policy. We would offer two recommendations.

First, why not bring together the grandchildren of those who fought on the beaches 50 years ago? A festive gathering of young Europeans repre-senting the continent's future - including young Germans, of course would carry deep symbolism.

Second, France, as host, should

have the courage to propose some participation by the European Corps, to symbolize that the descendants of those who fought each other on the beaches are now partners.

These two symbolic presences would dramatically alter the impact of the celebration, turning it into a stepping stone for the future. And they would signal to a Europe torn hy conflict in its east that we can learn from history.

Mr. Moisi is deputy director of the Institut Français de Relations Internationales, in Paris. Mr. Kaiser is director of the research institute of the Deutsche Gesellschaft für Auswärtige Politik, in Bonn. They contributed this comment to

to be children of color and more likely to be poor than adults who tend to make the decisions."

A multiracial society can be "an enormous asset in a global econo-

my," he said, but only if countries like America and South Africa take advantage of it by providing ade-quate education and health care and teaching people "to live together." In a striking comment, Mr. Clinton said he thought two kinds of societies

would do well in today's world: one bomogeneous and disciplined, the other multiethnic and open. Yet both now had problems. In Japan, reformers were trying to make the society more open, more accepting of diversity. In America people want more discipline, less crime. Something about the subject had

the president speaking philosophically and with unusual cloquence, or so I thought. He plainly cared about South Africa and the hope it represented, and he said be had plans to

help the new government. Together, be said, Nelson Mandela and President Frederik de Klerk "are a stern rebuke to the cynics of the world." Mr. de Klerk had overcome so much of his Afrikaner people's histo-ry, and Mr. Mandela was "able to free himself of the bitterness that world self of the bitterness that would surely have destroyed most people who had to live 27 years behind bars."

The New York Times.

In combats with mere peasants in

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Preachers Mobbed LONDON - Notwithstanding the

very inclement weather, a large and angry mob formed in the streets of Cork last evening [April 22] for the purpose of attacking the members of the Open Air Evangelistic Mission. Owing to the demeanor and organuclear device to lit on a delivery system that they do not now possess. nized character of a section of the North Korea, however hostile, is a crowd the police drove the preachers weak, impoverished and deteriorating back to their rooms as soon as they nation that does not present a major made their appearance, the officer in threat to U.S. security or political incharge stating in explanation that he considered their lives in imminent terests in Northeast Asia. The wise course to deal with it is to be firm and peril. Owing to the action of the police patient, confident in America's there was no collision. Subsequently a strength and the strength of its friends shopkeeper named Lovell was chased and allies in the region. If out of fear of into a public house and beaten. imaginary dangers the United States acts aggressively by sending more weapons and troops, threatening po-litical and economic sanctions and set-

1919: Hungarian Unrest

BERNE - Messages received in diplomatic circles from Budapest show that the Bela Kun government is in extremely precarious condition. The Communist troops are manifesting a distinct inclination to shirk fighting.

the Szopron and Szombathely re-gions, Bela Kun's soldiers were ntterly defeated. It is believed that an alliance between the peasantry and the middle-class leaders will soon take place, and that Lovasy, a former Cabinet minister, will head the coalition. Budapest is said to be in a state of absolute anarchy.

1944: Finns Stand Firm MOSCOW - [From our New York

edition:) Finland has rejected Russia's second peace offer, the Soviet government announced last night [April 22] in a statement calling Fin-land's leaders willing vassals of Germany and declaring them solely responsible for continuation of the Russo-Finnish war. The Finnish rejection was communicated to Russia through the Swedish government on April 19 and the Russians, in a re-turn note yesterday, informed Finland that the armistice negotiations were considered broken.

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An Election

To Rebuke

The Cynics

By Anthony Lewis

W ASHINGTON — "It's amazing." President Bill Clinton said. "Think of it — contrast what we

see in Gorazde with what we see

"I believe that if the South Afri-

canl election comes off well, it will

send a message around the world that

there is another way to deal with

these problems. If it can be done in

South Africa, how can you justify the old-fashioned killing and fighting and dying over a piece of land ... in other places?

The president was speaking with

The president was speaking with four journalists Wednesday evening about South Africa. He had agreed to an interview by Richard Steyn, editor of The Star of Johannesburg, and Aggrey Klasste, editor of the Sowetan. Clarence Page of the Chicago Tribune and Lyura acted to join them.

and I were asked to join them.
In Bosnia and other places with

In Bosnia and other places with "ancient racial, ethnic and religious divisions," Mr. Clinton said, people "don't understand yet, for whatever reason, that in the end they'll be bet-ter off if they work together, and that controlling territory has nowhere near the significance . . . that it had

100 years ago.

If think it has worked in South
Africa partly because people with
enormous influence decided to be

statesmen instead of wreckers [and

decided) that somehow they were go-

ing up or down together.

"And then they translated those

understandings into concrete com-

election is only part of it, although

a big part.
The decision to go for a govern-

ment of national unity for five years

is absolutely critical to this - and

making the decision before you know the outcome of the election. The deci-

sion to have a bill of rights, the deci-

sion to have a constitutional court -

I think all these things have made a

huge difference."
Mr. Clinton was extraordinarily

well informed about South Africa, and he seemed happy to be talking

about an upbeat subject. He remarked that "for the last 10 days,

except for my forays on health care,

I've done almost nothing but work on

Bosnia and Haiti and one or two

other foreign policy issues," all no doubt painful. He said Americans had a particu-

lar interest in South Africa because of

their own history of racial division.

"If you ask me one thing I have learned in my own life," he said,

"growing up as a young boy in the segregated South, it is that this is

something that you never solve; you

just have to keep improving, you have to keep working with it. My own interest in politics in America was inflamed overwhelmingly by my op-

"Unfortunately, human nature being what it is, identifiable differences will always be used by narrow-mind-

ed people or frustrated people or ig-

norant people, or sometimes bad peo-

ole, as a lever, a wedge, a means of

acquiring power or influence or dom-

mance or just inflicting harm."
There is still "too much" discrimi-

nation in the United States, Mr. Clin-

ton said. He cited the fact that 36

percent of American children under

the age of 2 had not had all the

necessary immunizations - and one

reason was that they "are more likely

miuments - not just an election. An

about to happen in South Africa.

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INTERNATIONAL HERALD TRIBUNE, SALUMDATORIA IMPASSE ULTIMATUM AND DEFIANCE / BOSNIA IMPASSE Serbs Seek Face-Saving Way Out as Yugoslav Army Girds for War Serbian pride, and I monthly in Relevade in foreign minister said "I would not advise this to tex, Andrei V. Kozyrev, last Sanday that a cress-fire would take hold immediately in foreign minister said "I would not advise this to tex, Andrei V. Kozyrev, last Sanday that a cress-fire would take hold immediately in foreign minister said "I would not advise this to tex, Andrei V. Kozyrev, last Sanday that a sortion." Serbian pride, and I mything in the absent in the salura in the absent in the salura in the absent in the salura i

ZAGRER Croada - Confronted by the imminent threat of NATO air strikes around Gorazde, Bosnian Serbs on Friday sought a last-disch, face-saving formula for a withdrawal as the Yugoslav Army prepared for possible involvement in the Bosnian war.

President Slobodan Milosevic of Serbia and the Bosnian Serb leader, Radovan Karadzie, began a meeting in Belgrade with the top United Nations official in the former Yugoslavia, Yashushi Akashi, to seek agreement on a Serb withdrawal from Gorazde.

[As the talks adjourned Friday night, Mr. Akashi said that the Bosnian Serbs had agreed on a cease-fire in Gorazde, beginning at noon

Saturday. Agence France-Presse reported that the Serbs had also agreed to allow UN and aid agency personnel in access to the city, in accordance with the earlier NATO ultimatum.]

Several previous negotiations over 10 days between these parties have broken down in acrimonious disagreement, and UN officials have become coovinced that the word of the Bosnian Serbs is worth little.

Gorazde lies less than 20 kilometers from the Serbian border. In the light of the growing threats to the Bosnian Serbs from NATO, the Yugoslav Army has taken "precautionary measures" and "the possibility that Serbia becomes involved is a reality," the Yugoslav foreign

Speaking in an interview in Belgrade in which he anticipated the ultimatum, Vladislav Jovanovie, the foreign minister of the rump Yugoslav state of Serbin and Montenegro, declared that Yugoslavia remained committed to the current for a recently sentence of the rump and the current for a recently sentence of the rump and the current for a recently sentence of the rump and the current for a recently sentence of the rump and the current form of the rump and the the quest for a peaceful settlement.

But, Mr. Jovanovic, who speaks almost daily to the Serbian president, added: "Mr. Milosevic is greatly concerned, disappointed and dis-mayed at the latest developments. The new threats from President Clinton encourage the Muslims greatly in their policy of trying to bring NATO into the war."

Asked what would happen if NATO bombed bridges on the Drina River, which constitutes the border between Serbia and Bosnia, the

ty that Serbia becomes involved is a reality. When, as now, the situation on the ground is dangerous, the Yugoslav Army, of course, takes precautionary measures. But this is not the course we want."

Western diplomats are convinced that Mr. Milosevic, the man who unleashed Serbian nationalism across the Balkans, does want to avert a widening of the war and is eager to rein in his rampaging brothers across the Drina. But it is not clear that he still has the means.

Mr. Jovanovic said that when the Serbian president promised the Russian foreign minis-

Bosnian Serbian officials contend that nego-tiations over a withdrawal from Gorazde have failed because their troops are being provoked by Muslim forces. They also say lighting is being prolonged by the refusal of the Muslim-led Bosnian government to accept a Bosnia-wide cease-fire in the hope of drawing NATO into the war on the Muslim side. "f1 could go either way," said a Western official close to the Belgrade negotiations. "By any rational objective appraisal, the Serbs will

any rational, objective appraisal, the Serbs will have to find a way to comply. But there is a big irrational factor here linked to an enormous Serbian pride, and I doubt the Serbs will do anything in the absence of a face-saving solu-

When NATO issued its ultimatum in February to the Serbs to withdraw their heavy artillery 20 kilometers from Sarajevo, the interven-tion of the Russian government and the dispatch of some Russian UN soldiers to the Sarajevo area allowed the Serbs 10 contend that they were cooperating with a Russian initiative rather than bending to NATO's will.

But the Bosnian Serbs have since angered the Russian government by failing to honor promises to the Russian special envoy, Vitali I. Churkin. It therefore seems unlikely that the Russian can offer the Serbs a graceful exit once

Aggressors Boost Artillery Attacks On Bosnian City

By Chuck Sudetic

New York Times Service SARAJEVO, Bosnia-Herzegovina - Bosnian Serbs blanketed Gorazde with artillery fire and launched fresh infantry assaults into the eastern Bosnian city Friday, ignoring a new UN Security Council resolution and reports of a NATO ultimatum demanding their withdrawal, UN officials and local ham radio operators said.

Bosnian government officials were overjoyed Friday night at the oews of the NATO ultimatum that the Serbs cease their attacks on Gorazde immediately and withdraw or face air strikes.

"We express our gratitude to Mr. Clintoo for taking decisive action," said Prime Minister Haris Silajdzic of Bosnia, clearly convinced that the ultimatum, which bad President Bill Clinton's backing, would save Gorazde from falling into Serbian hands. "We knew America would take a moral stand,"

from Gorazde," be said in a brief interview, referring sarcastically to a series of ineffective pleas by the United Nations and the European Union for the Serbs to pull back.

Three weeks ago, the Bosnian Serbs launched their offensive on Gorazde, which the Security Council declared a "safe area" last year but took oo firm steps to protect, in a clear bid to take over the entire east bank of the Drina River, which slices through the area.

6 Are Jailed in Madrid In Fatal '83 Disco Fire

MADRID — The four owners of a Madrid disco, Alcala 20, where 81 people burned or suffocated to death in 1983, were found guilty of oegligence Friday and sentenced to jail terms of two years each.

In addition, the Interior Ministry official who inspected the disco was also given a two-year sentence, and the electrician who approved the establishmeot's wiring was jailed for six months for falsifying documents. The city's safety chief was acquitted, but the court said tank shells ripped into a riverside in Gorazde that the Serbs were attacking the villages of llovaca, billion pesetas (\$14 million) compensation to the victims' families.

Tank shells ripped into a riverside in Gorazde that the Serbs were attacking the villages of llovaca, that the pensation to the victims' families.

Gorazde, the report said, adding er's report says. "Keep in mind the capital."

The Serbs seek control of the main road running through Gorazde, which links Serbia's capital, Belgrade, with the Adriatic Coast, and have campaigned since April 1991 to uproot the entire majority population of Muslims from the

Drina Valley.

In Belgrade on Friday, the highest-ranking UN official in the former Yugoslavia, Yasushi Akashi, discussed a cease-fire in Gorazde with President Slobodan Milosevic of Serbia as well as the political and military leaders of the Bosnian Serbs, Radovao Karadzic and

Friday's Serbian attacks came in the wake of the bloodiest 24 hours in the three-week Serbian offensive against Gorazde, with 99 people killed and 273 wounded, according to a report from a UN relief agency official in Gorazde received here Friday afternoon. The dead include seven children and 54 women and

This is oot just another one of the calls to the Serbs to withdraw

The UN aid agency report confirmed that Serbian shell and sniper fire killed at least four persons Friday morning in Gorazde, but ham radio reports from the town said that the death toll was certainly much higher. UN officials said that shelling resumed Friday night after a lull.

> Before Friday's attacks, the known casualty toll in the Serbian offensive was 535 people dead and 1,740 wounded, UN officials said, stressing that the count is incomplete because the fighting around Gorazde has made collecting all the dead impossible. The Serbs have never made public a comprehensive casualty tally. The UN relief

from Gorazde said the Serbian artillery and sniper fire was so severe that the aid workers advised against any attempt by the United States and other countries to parachute food supplies into the city.

"Such an air drop would only draw civilians out into the open where they will be annihilated by every type of fire imaginable," the report said. "Doo't read this as an exaggeration. Food is absolutely the least of the worries of the lo-

On Friday morning, two Serbian

- and growing.



Sarajevo residents getting free bread Friday as humanitarian flights resumed. The city had been without food deliveries for over a week.

that three persons were killed and fate of the population there as soon another three wounded in a shell- as this remaining area is overrun," ing attack near the building.
The United Nations High Com-

aircraft bursts earlier," the refugee agency's report said.

Hospital has taken many impacts this morning," the report said. "The area is covered with smoke and communication is lost. The same is reported about the refngee centers near here."

ning at 8 A.M., the UN military observers in Gorazde reported 106 Serbian artillery and mortar shells landing on Gorazde, with the mostly Muslim Bosnian Army forces in the town firing back 20 mortar rounds, the report says.
"The Serbs have made some in-

cursions into the town, but the town is still in Bosnian Army hands," said Major Rob Annink, a spokesman for the UN military

A Bosnian Army liaison officer reported to UN military observers

The Serbs have carried out oumissioner for Refugees office took merous ethnic-cleansing sweeps a direct hit by a .76 millimeter shell through rural areas of eastern Bosinto the windows, destroying what-ever was not yet destroyed by anti-aircraft bursis earlier," the refugee workers in Gorazde have warned for days that the Serbs might attempt next to move against the thousands of people who have reportedly fled westward from Gorazde to the mountainous areas of pockets still under Bosnian Army control.

> and children to prevent the UN military convoy from entering Gorazde, on Friday Serbian leaders delayed the convoy from returning to

A UN spokesman said the commander of the United Nations military force in the former Yugoslavia, General Bertrand de Lapresie, ordered the 141 troops and medical personnel in the convoy to turn back Friday to Sarajevo from the town of Rogatica. The Scrbian police prevented the convoy from moving, the spokesman said, but UN officials here said Friday night that the Serbs had allowed the convoy to depart toward the Bosnian **ULTIMATUM:** NATO Warns

American based in Naples, will still have to agree on specific targets with the senior commander of UN forces in Bosnia, Lieutenant General Michael Rose of Britain, be-fore he can launch any air attacks, NATO officials said.

Mr. Butros Ghali himself would have the right to approve the first were going to try to get in ahead of strikes around Gorazde if the Serbs a NATO decisioo, so last night the did oot comply with NATO's con- president decided oot to wait." ditions, Mr. Worner said. "But af-ter talking with him many times in we will get it if the conditions we have stated are not met," he added.

Mr. Butros Ghali told him that he would convey the terms of NA- air strikes against "artillery, mortar Serbian anthorities. Mr. Worner said, and the United States would inform Russia, which has repeated ly disapproved of air strikes and said it might pull its peacekeeping forces out of Bosnia if the violence

UN forces did call in limited air strikes last week on Serbian tanks and other weapoos that were threatening their positions, but did not have the authority to ask for

Gorazde itself, even though it was

one of the "safe areas" designated by the UN last May. Nor did Mr. Clinton give such approval, until "Last night, President Clinton decided enough was enough," Am-bassador Hunter said. "Many peo-

ple thought that the Bosnian Serbs This is not a tit-for-tat operaoon," Mr. Hunter said, although he

recent days, I have oo doubt that declined to specify any of the targets that might be hit. Mr. Butros Ghali, in a letter to NATO this week, asked for the authority for TO's decision immediately to the positions or tanks in or around the above-mentioned safe areas."

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VOTE: After-Election Fears Rising

included Indians and people of mixed race but excluded the country's black majority of 26 million. He is now a parliamentary candidate of the Democratic Party, traditionally the liberal opposition to the National Party.

We should be very clear about this," Mr. Rajab said. "People are supporting the National Party because they fear black domination."

He estimates that in Natal the Indian vote.

Other independent polls have shown a similar surge of support for the National Party.

National Party will win 55 percent to 60 percent of the Indian vote, while the Democratic Party and the African Nacional Congress will obtain about 15 percent each. By comparison, he estimates that

perhaps five years ago, the National Party would have been fortunate to get more than 15 percent of the Indian vote.

EXPLOIT: Trek to the North Pole

Continued from Page 1

will tag along when a plane is sent to pick up the explorer.

Mr. Ousland has already made one trip to the North Pole, a 1990 expedition with Erling Kagge, in which they became the first team of

two men to reach the pole under their own power without support. With the reluctant blessings of his wife and family, he decided last year to take the concept a step further and make the trip on his own, arranging sponsorship deals with Norwegian companies to cover the trip's \$200,000 cost.

"He always did a lot of strange things," said his mother, "When be's decided on something, he's oot to be dissuaded."

A quiet, systematic man with a dry sense of humor, Mr. Ousland made meticulous preparation for the trip, testing and redesigning equipment to ready himself for every conceivable situation. "He's not a daredevil," said Mr. Erlandsen. "He's very cautious."

Mr. Ousland drank a glass of pure olive oil for breakfast every morning for a year to accustom his body to absorbing fat. He was so obsessed with keeping down the weight of his load that he even cut down the bristles on his toothbrush, Mr. Erlandsen said.

Walkman. A fellow explorer ad-vised him that crossing a cold white the northern tip of Canada in 23 wilderness called for music that hit days. "There were daily risks to life hard. He chose Hendrix. He picked two books, Hesse's

"Narcissus and Goldmund" and and covers removed.

Experience taught him that a .44magnum is a handy thing to pack on such trips. As he and Mr. Kagge closed in on the North Pole in 1990, a polar bear appeared suddenly over a ridge and began charging. It was stopped by two shots to the chest. "It was him or us," Mr. Ousland wrote in a 1991 account for National Geographic.

When Mr. Ousland set off from Siberia seven weeks ago, his load was around 275 pounds (125 kilograms), but it is now at least 100 pounds lighter because of reduced stocks. He designed his sledge so it could be used as a boat to cross open water, but he has done so

sparingly. He eats prepared meals of salmon or ham, as well as grain saturated with fat - with water for breakfast, dry for lunch — consuming 6,400 calories a day in an effort to replenish the energy he is burning.

At times, he has reported, the wind has blown so fiercely that he could not see where be was placing his feet, and oo one frightening occasioo he stepped briefly through the ice but was protected by his waterproof footwear. The solitude, be says, has not been too

"Of course I have had some psychological down periods and have been in a bad humor, but it hasn't really been a problem," he said Wednesday.

"The cold weather is the toughest because it drains your re-sources," he added. "My legs feel

like jelly. Two other men gave up solo,

unsupported efforts to reach the North Pole this spring Rupert and limb," he said after being flown out. "My view was that it was oot something worth dying for." the New Testament, and went to a bookbinder to have the margins cut through the ice into the Arctic Ocean last month and used much of his fuel trying to get warm again.

> Amid the accolades, there are some grumbles that the money financing his expedition could have been better spent. Ingrid Ousland smiled at this. "Others," she said, "say thank

He, too, was flown out.

goodness there are still adventurers in the world."

A Russian Baltic Outpost Is Trying to Snub Its German Past

By Celestine Bohlen New York Times Service

KALININGRAD, Russia - For half a century, Kaliningrad had no past Captured by the Red Army in 1945 and held as war booty, the city's 700-year history as Königsberg, capital of East Prussia, was oever even mentioned in the Great Soviet

Even manhole covers bearing the emblem of the ruined German city were removed as Communist bosses set out to extract the "rotting teeth" of its old

This ruthless self-denial still haunts Kaliningrad, oow an isolated outpost of a shrunken Russia. Perched on the Baltic coast, just a few hours' train ride from the Polish port of Gdansk, Kaliningrad - the city and region have a population of 900,000 - finds itself separated from the rest of the Russian Federation by nore than 600 miles (1,000 kilometers) and two inde-become a gathering place for ethnic Germans. Elvira Breining, an ethnic German whose busband is Russian, left Uzbekistan last year, looking for a more than 600 miles (1,000 kilometers) and two independent countries, Lithuania and Belarus.

matter bow much local officials deny it, the possibility that Kaliningrad may again he "Germanized" lingers. There is no Germanization of Kaliningrad, it has

not happened, it is oot happening and it will not happen," said Mayor Vitali Shipov.

And yet, ethnic Germans from other parts of the former Soviet Union are moving here, some fleeing instability in Central Asia, others looking for a half way house between Russia and Germany. Official statistics put the number at less than 5,000, but resi-

dent Germans say it is much higher - 20,000 and up

"Here there is a chance to have both cultures," said Sergei, a young Russian Army officer who recently moved here from Kazakhstan with his ethnic German wife. He was one of two dozen people attending German language classes at the Russian-German House in Kalmingrad, which along with the Evangelical Church services at the Victory movie theater has

its German origin, now openly acknowledged once again, has added uncertainty about its future. No her parents had emigrated several years ago.

"Geography is the reason, but there are also German roots here," she said. "And people can satisfy their cultural and religious oceds." Raimar Neufeldt, director of the Russian-German

House, is serving as Germany's official representative pending the opening of a consulate here later this year. He said the German government had avoided the question of the resettlement of the old Soviet Unioo's ethnic Germans — descendants of emigrants to czarist

Russia - who have decided to live in this sensitive "We have to be very careful," said Mr. Neufeldt, "There are Russian Germans coming here daily, but I can't help them. They have to have official registration, and in many cases it is impossible because they have no place to live and work."

Like Mr. Neufeldt, Erwin Motzkus was born in Königsburg, and was deported, forced to walk through Poland to Berlin in the bitterly cold winter of 1945-46. Now the mayor of Potsdam, in what was once ania which permit tariff-free transit between Kalinin-East Germany, he has come back, heading a consortium of businesses eager to re-establish old links with the Russian economy.

Although there are German nationalists who have tried to drum up support to take back Kaliningrad, both Mr. Motzkus and Mr. Neufeldt are resigned to the fate of their native city.

"For 700 years this was German territory, bot we lost the war," said Mr. Neufeldt. Mr. Motzkus added: "I wouldn't want anyone to be harmed as we were harmed. It is not their fault that they are here." Like other Germans looking to do business here, Mr. Motzkus has found the process painfully cumber-

some and slow. Despite the region's eagerness to boost itself as one of Russia's two "free economic zones," and to prove its viability as a beachhead for European investment,

there is a wariness about German capital here that only compounds Russia's own uncertain business Still, a miniboom in trade is on. Russian economic

incentives, and arrangements with Belarus and Lithugrad and Russia proper, have contributed to a three-fold rise in exports, a fivefold rise in imports and more than 200 new joint ventures in the last year.

ARREST: A Live Toon Goes Splat Continued from Page 1

ransom in a roadside bin used to store grit for use on icy roads. They waited for hours for Dagobert to appear before looking in the sand-box to find that it had been placed over a manhole

Dagobert had vanished into Berlin's underground sewer system with what he thought was the ransom -but the police had put wads of paper in the bag.

The police had been following the suspect for several days after spotting a man driving a car that matched a description of the blackmailer's. He was arrested Friday morning after he called a special elephone number known only to him and police.

In January, he asked that the ransom be placed in a homemade

train wagon placed on the rails of an abandoned station in Berlin. The wagon was activated by remote control after the money was placed inside it, but it stalled and went off

Another late-night attempt to nab the man was foiled when a policemao ebasiog Dagobert slipped on dog waste. A police source said that that policeman, who had been widely ridiculed by the media, was given the bonor of arresting Dagobert in

the eastern district of Treptow. have been selling briskly, a Berlin musician has recorded a Dagobert rap song, and a book on him is due OUT SOOT.

"It's a shame it's over," said a The police had gotten close to Berlin radio commentator. "Jour-Dagobert on several occasions pre-nalists had a lot to write about, people had a lot to read about and the police had a lot of frustration."

Hata: From 'Accidental Politician' to Ultimate Tokyo Insider

By David E. Sanger

New York Times Service TOKYO -- Anyone who steps into Tsutomu Hata's apartment will see instantly that it is the dwelling of a typical Japanese salaryman three cramped rooms, with a washing machine jammed in by the front door and a combination living room-dining room-kitchen piled high with books and papers.

Part of Mr. Hata's popularity can be explained by the fact that he lives today much as he did when be was a bus-tour operator in the 1960s, before he became what he calls "an a accidental politician." But the selection Friday of the foreign minister to be the next prime minister and to save the

governing coalition from itself was anything but an accident. After dabbling with a rebel in the prime minister's office for the last eight months, the leaders of Japan's fractious coalition have

turned to the most cautious of reformers. His predecessor, Moribiro Hosokawa, came to office in August as an outsider boasting little experience in the brutal backrooms of Tokyo ditics; he spent much of the winter proving it. Mr. Hata, in contrast, is the consummate insider, known for a jovial, modest manner that makes him a superb deal-cutter, but an unwillngness to cross Japan's powerful bureaucrais. The difference was striking on television Friday night. When Mr. Hosokawa came to power

nine months ago, he talked of the oeed to rebuild a political and economic system that has "grown moribund and out of touch with the realities of the rest of the world." On Friday, Mr. Hata never used the word reform, but spoke about stability, consensus and unity. "I will put all my effort to make Japan a

country that can be trusted, loved and understood in international society," he said.

There is no question that Mr. Hata, 58, harbors a rebellious streak of his own: After 24 years in the Liberal Democratic Party, he bolted last year, a leader of the internal coup that sparked the biggest reordering of the Japanese

political system since the end of World War 11.

Since the revolt, he and his closest political

ally, Ichiro Ozawa, Japan's strongest and most wily behind-the-scenes political power, have been at the center of reordering Japanese politics. They have called for what Mr. Ozawa calls a "normal nation" that plays a far greater role in world affairs and moves beyond Japan's

reflexive isolationism. Members of the party say a likeable dealmaker may be just what the country needs after

oearly a year of chaos. Mr. Hosokawa brimmed over with ideas about deregulating the economy, restructuring the tax system and overhauling Japan's defense force. But be lacked the internal political skills to push most of those changes through the Diet, or parliament, Mr. Hata may not be able 10 define the problem as clearly, but most who

know him suspect he will be far more adroit.

His strength lies in the fact that he, too, bad called for change before it became politically fashionable. He advocated strong reforms of the electoral system, and when it became clear that Liberal Democratic leaders were ignoring him, he helped lead the defections last summer

that ended the party's 38 years of rule. He has talked at length about the need to apologize for Japan's crimes in World War II. When the bject turns to the kinds of economic reforms demanded by Japan's trading partners, espe-cially the United States, he turns vague.

But in a long career that has included stints as agriculture minister and finance minister, Mr. Hata has never failed to mouth the brief he was handed by the bureaucrats in his ministry.

Tsutomu Hata was born on Aug. 24, 1935, in Tokyo, the first son of a family that includes wealthy landowners in Nagano Prefecture. His father was a reporter for the Asahi Shimbun, one of Japan's largest newspapers, who ran for election to parliament in 1937, just as Japan was immersing itself in the war in Asia.

Never a remarkable student, the younger Hata graduated from one of Japan's less-prestigious institutions, Seijo University, and then failed the entrance test to become a reporter at the Asahi and one of its major competitors. His first job was counting the fares collected

hy bus conductors. Two years later, in 1960, he began to direct tours, and the contact with so many residents of Nagano turned out to he invaluable for his political career.

The connections Mr. Hata made in the bustour business soon paid off. When his father fell ill, the Liberal Democratic Party nominated his son for his seat, and he was elected in 1969.

Mr. Hata quickly joined the faction controlled by Kakuei Tanaka, the Japanese prime minister later implicated in the Lockheed scandal. For years Mr. Hata kept his head down, focusing on agriculture, the major industry of his mountainous district.

By Japanese standards, a colleague of his noted recently, "he is remarkably clean; he doesn't care about money." But the same was said of Mr. Hosokawa, and the scandal that brought him down proved what political professionals in Japan have said for years: One cannot have served in the Tanaka faction without having seen huge shopping carts of cash roll

JAPAN: No Bold Moves Expected

Continued from Page 1 increasing funds earmarked this decade for

public works projects. As for deregulating an economy that is choking on bureaucratic excess and piling up the biggest trade surpluses in its history, the evidence suggests that Mr. Hata will move cau-

tiously. Uotil last year, he was a loyal member of the Liberal Democratic Party, defending policies that protected domestic industries. "Personally, he's inclined to swallow whole what the bureaucrats say," the Western official said. "And as prime minister we see little reason to think he'll break the style of showing great

deference to bureaucratic opinion. Yet Mr. Hata, who is likely to be elected prime minister by the Diet on Monday, will be under enormous pressure to placate Washington by following through on the government's pledge to deliver a specific package of economic-stimulation and market-opening measures before the G-7 meeting.

New View of Goya: His Small Paintings

ONDON — A curious vision of one of the greatest Western painters is offered at the Royal Academy under the title "Goya, the Small Paintings." While it may sound at first like some spoofy excuse for the greater ease with which small formats are carried, insured and borrowed, the choice effectively results in what could be called "A View From the Studio." The small formats were either sketches

done as preliminary steps, or pictures paint-

SOUREN MELIKIAN

ed by the artist for his own satisfaction. They differ vastly from the formal commissions. More than half come from private collec-tions or museums off the beaten path, further contributing to a feeling of surprising novelty from start to finish.

This begins with the stunning portrait of the artist as a young man from a private collection. The artist is seen sideways, tuming to peer at the viewer with a searching expression, both imperious and full of human understanding. The self-portrait has a Rembrandt touch to it, the panache included. So does a miniature self-portrait done around 1795-1797, which came to light for the first time since 1900, when it was auctioned at Edmund Peel & Asociados on Oct. 31, 1989. This small gem will come as a revelation to most viewers. Goya's features are drawn, almost haggard. His eyes stare at some invisible point, lost in the self-absorption of a man who had just been stricken with complete deafness. A third self-portrait shows him in his studio, circa 1794-95.

But the most striking discovery as a group lies in the series of sketches in oils quickly

jotted down as preliminary thoughts for anned paintings. They sum up what matthe atmosphere these suggest. The very first picture, a sketch for "Hannibal the Conqueror Viewing Italy for the First Time From the Alps" is, again, a novelty. When reproduced in 1984, it aroused considerable skepticism. Only last year did a careful cleaning remove alterations introduced by over-restoration. It discovery of Goya's notebook from his early years in Italy proves that it elaborates an outline first done in chalk. Chiaroscuro effects inherited from Caravagesque painting com-bine with an unusual palette in light tones.

A finished picture from that early period, which was perhaps started in 1771, points to the overriding importance of sculptural form and light. In "The Baptism of Christ," there is no setting. Masses of hazy color, veering from black to other, fill the ground. The posture of Jesus, his legs flexed, his arms raised toward his face, is almost identical to that of Adam in

Out of Eden" in Goya's notebook. There could be no clearer evidence of the prevalence of form over subject in Goya's memory.

The other revelation that comes out in the

oil sketches, when compared with the reproductions of the finished pictures in the catalogue, is the initial search for expressiveness that mostly gets polished away. In a sketch for "Annunciation," in the Boston Museum of Fine Arts, the angel stands in front of the Virgin, eyebrows raised over his troubled eyes drowned in shadow. Mary, who has red eyelids, seems to have been crying. All that is gone in the final version. The angel looks gravely serene, the Virgin almost happily absorbed in her reading of a Hebrew scroll. A mix of caricature-like exaggeration and

A mix of caricature-like exaggeration and parody soon appeared in the preparatory sketches. A study for "Winter," a tapestry cartoon, shows three characters in a snow storm walking with a dancing movement as they try to keep over their heads a single blanket to shield themselves. The landscape is summarily dispatched like a theatrical backdrop. But evert care has been howeight to the drop. But great care has been brought to the faces, half grinning with pain, half-armused.

S GOYA grew older, the search for expressiveness, far from toning down, intensified. The sketch for "The Miracle of Saint Anthony of Padua" is an extraordinary study in shadow theater. Barely formed figures stand out against the pale blue or white of a sky that against the pare blue of white of a sky man could have been painted by an advanced impressionist. Ghostly apparitions half melt into the clouds. Only one character clearly emerges, the standing saint towering above the crowd. The mocking perception is there, as if Goya could not help himself. A little boy straddles the railing as a man behind throws

up his arms, presumably in wonder.

No trace remains of this obsessive search for gesticulation and mimickry in the finished fresco on the cupola of San Antonio de la Florida on which Goya spent 120 days. Yet, there were spin-offs to these sketches and the aesthetics they reveal. They are small pictures, not done as studies for any future works, hut as finished pictures in their own right, often filled with a kind of furious snarling irony. "The Duchess of Alba and la Beata," in

which a young woman, the duchess, leans forward toward an old lady's maid is the high point of these "caprichos," or pictures of fantasy. It was painted shortly after Goya had become deaf. The old woman is scared by the red cord that the duchess dangles under her nose. She rolls her eyes as she throws back her bust, brandishing a wooden crucifix with one hand and leaning on her cane with the other. Cleverly painted in white, black and touches of livid yellow, the



Detail of Goya's "Self-Portrait in the Studio," c. 1794-95.

Yet, this is the merrier side to the pictures of private terrors in which Goya indulged. A darker strain comes out in a group of 12 paintings done on tin-plated metal sheets, about 43 by 32 centimeters. Six of them deal with the banal ferocity of Spanish life in the form of builtighting — Goya was, himself, an afficionado. The six others dwell on forms of cruelty in human fate. "Interior of a Prison" cruelty in human fate. "Interior of a Prison" 20th-century viewer's mind, conjure up mem-ories of concentration camp photographs. Painted in a brownish baze, they have more than a touch of "Nacht und Nebel.

Were such compositions intended as protests by Goya, who fought every aspect of repression and injustice? We know he visited prisons. On his wife's side, there were insane members of the family in an asylum that he probably would have seen. The prison and madhouse scenes may reflect his emotions.

But the purpose of other caprichos, done later, is more obscure. They are like recurring nightmares transcribed on canvas. Some, "Gypsies Resting in a Cave," "A Plague Hospital," are Impressionistic views of figures half-seen in darkness. The latter, particularly, has an evocative power in its sketchy rendition of shadowy figures that sets Goya apart from any trend in European art.

Toward the end of his life, while in France, and "Yard With Lunatics" are deeply disturbing visions of sadism and suffering that, to a
20th-century viewer's mind, conjure up memories of concentration camp photographs. care and consideration), paradoxically dashed off in carbon black and watercolor. "Heads of a Child and an Old Woman" (a mongoloid child and a mad woman?) seem to be recollections from the madhouse. "A Seated Majo and Maja" is like an anticipation of Manet's Impressionist characters of the early 1870s, only more advanced.

"There are no rules in painting." Goya wrote to the Royal Academy of San Fernando in 1792. He broke them all, including his own. Deaf to the world's protests, like Beethoven, whom he resembled so much, the embittered idealist ushered in the modern age.

"Goya, the Small Paintings" will be at the Royal Academy until June 12, and at the Art Institute of Chicago, July 16 to Oct. 16.

A Secret Picasso Muse Jazz-Age Luminary Linked to Paintings

By Michael Kimmelman New York Times Service

EW YORK - A leading Picasso scholar says that hundreds of paintings and drawings made by the artist during the 1920s were inspired by an infatuation with the American socialite and jazz-age huminary Sara Murphy, and are not, as has long been tions of the woman who was Picas-

so's wife at the time, Olga. Among the works is the "Woman in White" at the Metropolitan Mu-The assertion that some kind of

romance took place between Picas-so and Sara Murphy is made by William Rubin, the Picasso scholar and former head of the department of painting and sculpture at the Museum of Modern Art, in The Pipes of Pan: Picasso's Aborted Love Song to Sara Murphy," an article to be published in the May issue of the magazine Art News.

"Confronting some several hundred images — many of them patently romantic — it was hard to avoid concluding that Picasso was mesmerized by Sara, indeed, enam-ored of her," Rubin writes. He believes "Madame Picasso,"

a work in the National Gallery in Washington that Christian Zervos the author of the complete catalogue of Picasso's art, once identi-fied as a portrait of Olga -- actually depicts Sara.

Moreover, he says the monu-mental painting "The Pipes of Pan," in the Musée Picasso in Paris, a work that depicts two young males, began as a four-figure composition that included Sara in the role of Venus and the artist himself in the role of Mars, but that her rejection of him caused Picasso to minate Sara from it.

fnfrared photographs of the painting, he writes, support his conclusion that the composition began with a figure of Venus and

"Picasso is so well known, yet there is clearly a part of his life and work that he kept secret and that he lied about to interviewers," Rubin said in an interview in his office at

ICASSO possibly misdat-ed works depicting Sara to throw people, specifically his wife, off the track, said

By going through Picasso's vast output between 1921, when Picasso met Sara, and 1924, shortly after the infatration ended, Rubin said. he can now associate hundreds of works with her.

Many of these associations are hard to see, however, because Picasso tended to stylize of idealiza his depictions, and sometimes blended portraits of different women into one. Yet Rubin insisted that

Scholar says Sara Murphy posed for "Woman in White." bition of Picasso portraits he is organizing at the Modern for 1996) he has little doubt that they repre, Where do yo

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He writes in the article that the He also collaborated with Cole Picasso authority Pierre Daix was long ago told in confidence by the artist that a painting from 1923 was a portrait of Sara, and that Honoria Donnelly, the Murphys' daughter, has known the same thing about

netism" to woo Sara in Antibes But previously, no one, Rubin states, "suspected the existence of during the summer of 1923 when Gerald retreated to be with Porter the almost 40 oil paintings nor the more than 200 drawings of Sara that we can now identify. Indeed, in Venice. Rubin stops short of claiming that the "serious flirtation" between Sara and Picasso esin 1923, pictures of Sara far out-

calated into sex.
"I don't know for a fact that
anything happened," Rubin said,
"but my feeling increasingly is that number those of Picasso's wife, Gerald and Sara Murphy were it was a brief thing probably, but that it did happen. If she needed any rationale, it didn't hurt that her famous jazz-age figures; they were the models for Dick and Nicole Diver in F. Scott Fitzgerald's novel "Tender Is the Night." They lived husband was off with Cole Porter at the Hotel du Cap, just outside Antibes, France, in the summer of in Venice while Picasso was court-

John Richardson, the Picasso bi-1923, when Picasso was also there... ographer, agreed with Rubin's analysis. He noted that in 1980 in Gerald Murphy had been trained as a landscape architect at Harvard, then had studied with the Arts magazine, two art historians, Robert Judson Clark and Marian Burleigh-Motley, identified the source of the final version of "Pipes Russian painter Natalya Goncharova, as had Sara. It was while they were helping to repair scenery at the Ballets Russes in Paris in 1921, of Pan" as a homoerotic photo-graph from 1901 by Baron Wilhelm at Goncharova's behest, that Picasvon Gloeden, which Richardson seid makes an interesting potential allusion to Gerald and Cole Porter. Gerald became a Precisionist

Sheeler and Charles Demuth, Rubin, when told of the 1980 whose proto-Pop depictions of article, said it added another piece consumer goods included products to the puzzle of what he is calling after countless hours of looking at these works (in preparing an exhi-saddlery and design company, Murphys, Picasso and Porter. "the four-cornered triangle" of the

THE GAME IS AFOOT: Parodies, Pastiches & Ponderings of Sherlock

Edited by Marvin Kaye. 512 pages. \$24.95. St. Martin's.

Reviewed by Michael Dirda

I T was during the autumn of 19-that 1 first made the acquaint-ance of Mr. Sherlock Holmes. Re-

BOOKS

across his knee, the moody, melohardly too much to say that one graph on The Histrionic Holmes, would rather unearth a new adven-

The Game Is Afoot" reminds us that the world has always been fully yet to discover the Sacred Writings, prepared for more tales about the one can only envy such good forprepared for more tales about the greatest of all detectives. Marvin Kaye, the editor of the collection, has mixed together some of the old-

nonical" tales, Kaye's anthology Falls, the deadly Colonel Schastian also reprints scholarly inquiries Moran, "The Sign of Four," and into several biographical cruxes in that corpulent human computer the life of Holmes. Jacques Barzun speculates on how the detective Above them all, of course, when in a melancholy temper (he stands, or more probably slouches was taught by his talented and, sad on a settee with a Stradivarius to say, unmarried mother); Poul Anderson performs a stumning set dramatic, ever-astonishing Sher-lock Holmes. Nearby scribbles his friend and chronicler Dr. John H. gular adventures of the Grice Pat-Watson, that very embodiment of tersons in the island of Uffa" (that bluff Victorian ideals, "the one word "in" provides the key), and fixed point in a changing era." It is Kaye reprints his own short monor. wherein he examines the detective's exceptional acting ability.

tune. A better world awaits you.

A Hazy Focus on the Past

so may have first met Sara.

By Penelope Rowlands

ARIS - In her latest work, the artist Seton Smith takes traditional elements - a château door, a canopied four-poster bed - and photographs them in such a way that they become as provocative as a shouting match

Her images are huge, more than six feet tall (about 1.8 meters), and almost always lopsided and out of focus. They're also morbid, nostalgic and strangely moving. "Ladies Portraits & Oval Bed" (1993), one of the strongest pieces in Smith's show at the Musée des Beaux-Arts in Nantes (through May 23), is a diptych that shows, on one side, a wall of period portraits; a canopied bed and a round mirror dominate the other

Although devoid of human life, the atmosphere seems charged with it; we can almost see the people who once lived in these rooms going about their lives. The inaccessibility of the past is just one of the recurring - and haunting - themes in Smith's work.

Although French critics have made much of the fact that Smith documents "le patrimoine," France's cul-tural heritage, Smith, 38, says she is after something more universal. In fact, the photographs in her show were taken all over Europe. Her preoccupations are, like the artist herself, deeply American.

"I have been living in Europe for some years,"

Smith has said. "But while observing its cultural

heritage, I am always reflecting on my own, of ghettos, tract housing and super-mails

An American who has spent the last decade in Paris, Smith is becoming ubiquitous in the art scene on both continents. Besides her show in Nantes, she has two current shows in New York as well as forthcoming ones in Los Angeles and Paris.

Smith has a way of taking the existing landscape, whether man-made or natural, and making it resonate. She admits to a preoccupation with "what effect space has on us emotionally and psychologically." In her work, she insists that people notice the buildings and landscapes around them, that they come to grips with their meaning. To this end, she transformed a Breton roadside a few years ago by adding photographic billboards to the side of the road; in 1992, she played similar tricks by adding large photographs of nature to a new parking structure at Reims — soft advertising," as one French critic called it.

LTHOUGH Smith uses photography in her work, she is the first to admit that she's not a photographer. Her photos are fla-grantly anti-photographic, defying every known convention of the medium. "Ideas are very fixed on what photography should be," she said. "I'm trying to use it in another way."

Photography is the means to her work, not an end in itself; it's the form she uses to get at conceptual issues. Not everyone has seen the distinction. "It took me years to find someone who would print what I wanted to," she says, with a laugh. "At one lab, the woman said, This is garbage. I won't print it."

Smith started out as a painter, then turned to photography because she found it more efficient. With photographs, people go to the idea, rather than



An interior by Seton Smith.

the photo," she said. "I made paintings that were naive paintings but people only looked at them as naive paintings. They didn't look at what I was trying to do conceptually."

Smith grew up in suburban New Jersey, the daughter of Tony Smith, a well-known minimalist sculptor who died in 1980. Her preoccupation with architecture is deep-rooted, apparently; ask her about her childhood and she's apt to discuss the architecture of the two houses in which she grew up — one shingle the other Georgian-inspired. Her family was — and remains - remarkably artistic.

Her mother, Jane, is an actress and Kiki Smith, her older sister, is a much-lionized New York artist. Another sister, Bebe, died of AIDS in 1988.

Of her father's sculpture - often hugely scaled and executed in steel - Smith said: "It's interesting work, quite complex. No one has even scratched the surface

of it yet."
Smith lives in a light-filled, minimally furnished apartment and admits to having become irrevocably Parisian. "I can work in peace here. In New York when you go outside you have the possibility of meeting everyone you've ever known on the street. I just edited that out of my life," by moving to Europe. she said. "Here my life is very quiet."

Besides, said Smith, who's seriously addicted to Camel Lights. "I don't see how I could go back. I wouldn't be able to smoke there."

Penelope Rawlands is a writer based in Paris.





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can set off little explosions of wist- di's perfectly pitched "Problem of fulness and affection: Irene Adler the Purple Maculas" and Ruth Ber-"of dubious and questionable mem-man's rather jejune "Sherlock ory," Professor Moriarty, "Mr. Holmes in Oz" to Daniel Pink-Holmes, they were the footprints of water's ingenious "Journal of a a gigantic hound!," "The Giant Rat Ghurka Physician" and Robert of Sumatra" (the most famous of Bloch's vindication of Moriarty. Besides these diverting "unca-

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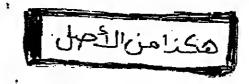
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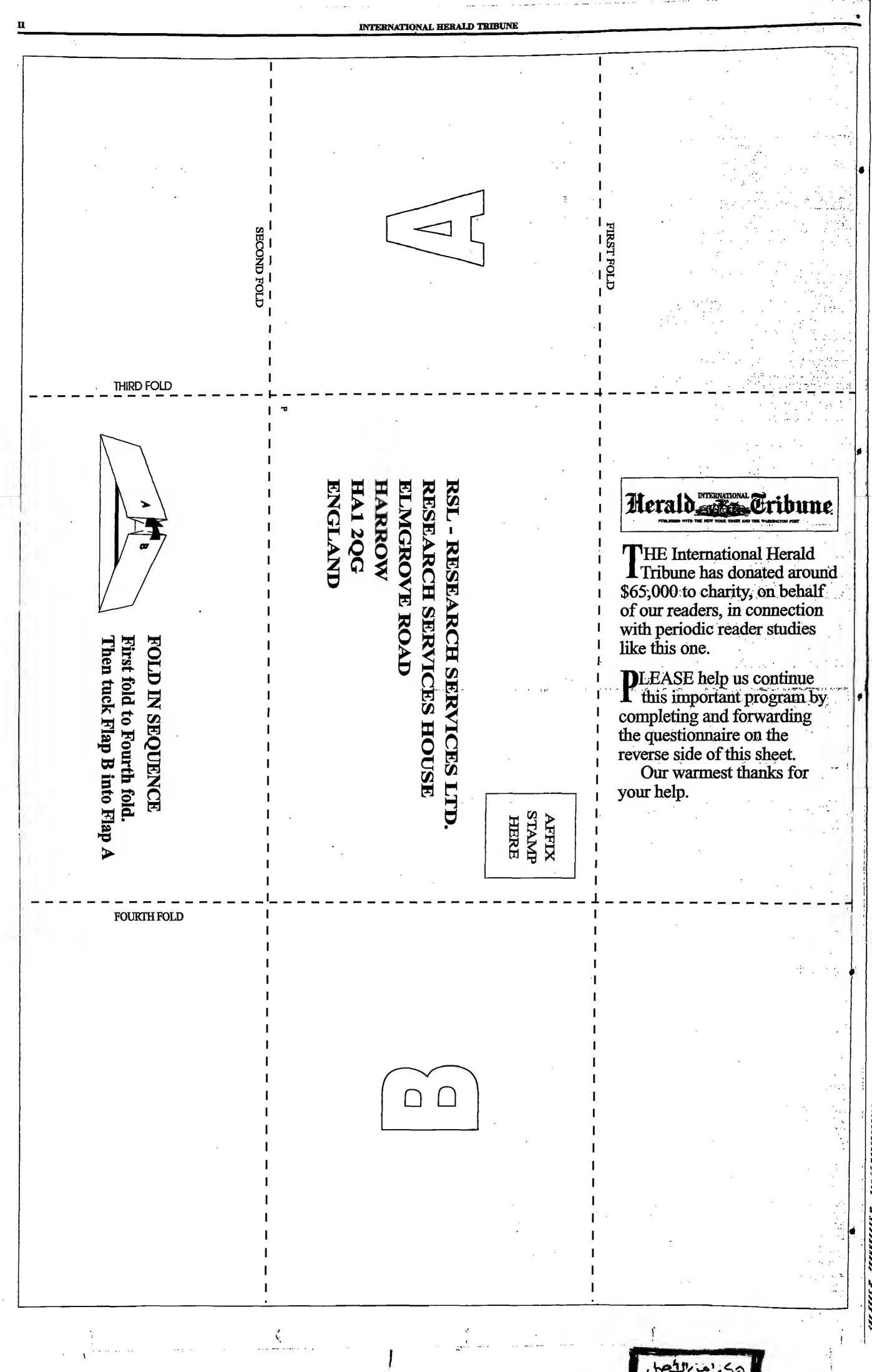
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	buy occasionally from newsagent / newsstand 5 friend or colleague's copy 6	12c. For how long have you been living in your present country of residence?	23. For which, if any, of the goods and services listed below
	airline / hotel copy 7	Less than 6 months 1 - 2 years 5 - 10 years 5	are you wholly or partly responsible for company decisions to purchase or lease, or to appoint or change a supplier? (Please check as many as apply)
	2a. How often do you usually read or look at the IHT? 5 - 6 days a week 1 1 - 2 days a week 1 - 2	6-12 months 2 2-5 years 10 or more years	COMPUTERS/SOFTWARE (1) Corporate Financial Services
	3 - 4 days a week Less often than once a week L	13. Are you? Male Female 2	PCs/Desktop Computers/WPs Fund Management
<u>.</u> .	2b. Where do you usually read or look at the IHT? (Please check all that apply)	14. What is your age? Under 25	Laptop Computers Solution Foreign Exchange Solution Insurance Services Solution
	At home Traveling abroad	25 - 34 _ 45 - 54 4 65 or over 6	Software/Software Services Company Credit Cards TELECOMMUNICATIONS RUSINESS SERVICES
	At work	15. What is the highest educational level you attained? Doctorate/ University degree/ equivalent	Facsimile Equipment Legal Services Land Legal
	3a. Does your spouse/partner read your copy of the IHT?	higher university degree professional qualification MBA Secondary or high school	Systems or Equipment Executive Recruitment
	Yes No 2tq	16. Into which of the following groups does your pre-tax	OTHER EQUIPMENT Photocopiers Company Travel Company Travel
	3b. And how many people in total, excluding yourself, usually read your copy of the IHT?	annual household income from all sources fall? (Check in US\$ or write in your own currency)	Company Vehicles Conferences/Exhibitions
	One Three Three No one else No one else	Up to US \$50,000 \$150,000 to \$199,999 \$150,000 to \$249,999 \$200,000 to \$249,999 \$150,000 to \$249,999 \$150,000 to \$249,999	Plant and Equipment PR/Marketing/ Scientific Instruments Advertising/Market Research
	4. How interested would you be in reading a lengthier.	\$75,000 to \$99,999 \$\ \tag{\text{\$\sigma}}\$\$ \$250,000 to \$499,999 \$\text{\$\sigma}\$\$	Raw Materials Courier/Freight Services Susiness Premises/ Information Services
	magazine-type article in the IHT? Very interested Quite interested Not very interested 100	\$100,000 to \$149,999 \$500,000 or more	Industrial Site Selection FINANCIAL SERVICES Data Management J
, n.	TRAVEL	Or annual income in own currency (write in) 17a. How many cars are there in your household,	Domestic Banking None of these International Banking
ati the Pas	5. Approximately how many business air trips did you	including any company cars?	24. Does your company operate outside the country in
	make in the last 12 months? (Count a round trip as one). None 3-5 3 10-19 7 35+ 9 m	No car One Two Two Three or more 1500	which you are currently based? Yes No 2
	None a 3-5 3 10-19 7 35+ am 1-2 1 6-9 6 20-34 FINONE SKIPTOQ8	main car, if purchased new (to the same specification)?	25. How many people does your company employ Under 10 10-49 . 50-249 250-999 1000-4999 5000+ a) in your country
	6. To which of the following destinations did you fly on business in the last 12 months?	Under US \$15,000 \$40,000 to under \$75,000 \$15,000 to under \$25,000 \$75,000 or more \$15,000 to under \$25,000 \$1	of residence? 1 2 3 4 5 666 b) worldwide? 1 2 3 4 5 666
	Belgium / THE AMERICAS	\$25,000 to under \$40,000	26a. Which of the following international activities do you carry out in the course of your work?
e (e.) evene evene	France 2 Canada 2 China 2	18. Which, if any, of these cards do you use? (Please check as many as apply)	I purchase goods/services from I manage the company suppliers in other countries I finances at an international level
	New Zealand	Access/Eurocard/Mastercard (Gold) Diners Chub Access/Eurocard/Mastercard Visa Gold/Premier	I influence strategic decisions about the company's
	Spain ASIA/PACIFIC Other Asia/Pacific Switzerland MIDDLE EAST SIA	American Express Gold/Platinum Visa/Carte Bleue	international operations 2 None of these 5 26b. In which of the following countries/regions are you
	Netherlands Singapore Singapore Scandinavia / Japan AFRICA Japan Singapore S	American Express Green \(\begin{align*} \text{None of these } \begin{align*} \text{None of these } \begin{align*} \text{19a. Which, if any, of the following types of investment do } \end{align*}	involved in the course of your work? Africa Japan Japan
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	SHORT-HAUL TRIPS LONG-HAUL TRIPS (Up to four hours) (Over four hours)	Mutual Funds/Unit Trusts 4 Collectibles (art, antiques, coins, stamps, etc.) 4	If you are writing a paragrams are true prevention of the prevention of the property of the pr
	First Class 1 20 1 20 1 20 1 20 1 20 1 20 1 20 1	Other 5	
	Economy a No such trips	19b. What is the approximate total value of the above and any other investments (excluding your main home)	TITLE MELICENS NESS DE PROPERTADOS
	7b. Do you belong to an airline's executive/frequent	owned by you and members of your household (in US \$)?	NAME
	flier club? Yes 1 No 2 Skip 10 Q8 (84)	Under US \$50,000 1 \$500,000 to under \$1 million 5 50,000 to under \$1 million 5 million 6	ADDRESS:
.	7c. If yes, which one(s) do you mainly use? (Please write in)	\$100,000 to under \$250,000 \[\begin{align*} \] US \$5 million or more \[\begin{align*} \] \$250,000 to under \$500,000 \[\begin{align*} \]	POSTCOR
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By Lawrence Malkin

side that could be its undoing if chronic social problems are oot addressed.

as its industrial giants struggle to slim down along American lines and disentangle themselves from

the Continent's social safety net. But it also pro-

vides a preview of some of Europe's own slow-

growth problems, because such reforms will cut

consumer incomes and spending.

Stellar earnings reports now coming from core
U.S. industrial companies testify that the combination of the past year's increases in productivity

and decreases in interest rates are finally paying

cious - health care, education and welfare, and

the old bugaboo of the federal budget deficit. To his credit, all three are among President Bill Clin-

ton's top priorities, but they are far from solved.

Robert E. Rubin, Mr. Clinton's economic coordinator, warned Friday that if these problems are not

David Wyss, research director of DRI/McGraw Hill, lists them as the three principal crises facing

the American economy and warns that unless the first two are solved, federal borrowing will start

back on its upward creep because the rising social payments are already embedded in the budget.

That would drain savings and pull down the capital investment on which some of the more

But that is only the most dramatic of the poten-tial time bombs. Some of the others are ficking away in the form of relatively low earnings by

euphoric projections are based.

tackled, "They will collide with our economy.

But the problems that remain are more tena-

off, at least for the top echelon in the country.

This is the mirror image of what troubles Europe

EW YORK -- America's recovery may

be the envy of the world, but like the country itself, growth in the land of

opportunity does have a dark under-

Europe's Food Firms Look Abroad Third World Offers Growth and Strong Brand Loyalty the Continent, and the numbers are growing. Emerging markets have, in contrast, long offered faster growth and far less competi-By Erik Ipsen foresaw that expanding to 200,000 tons in as International Herald Tribune LONDON — Europe's food companies, little as five years. Nestlé meanwhile has opened three fac-

faced with slow-growing markets, a pletbora of competitors and a oew, troubling slide in consumer loyalty to once-cherished brands, are turning their attentions and their capital elsewhere as oever before.

Far from the battle lines in the developed

markets of Europe and North America, food giants like Nestle SA and the British-Dutch Unilever Group are charging into the so-called emerging markets of Latin America and the Asia-Pacific region with a speed some analysts say borders on desperation.

Growth will always be harder to come by in Europe and America," the Unilever chairman, Sir Michael Perry, recently said. "That is why our investment will be focused on those rest-of-world areas."

For Unilever and others, "rest-of-world" used to stand for markets out somewhere beyond the developed markets. They were oot exactly ignored but they oever really got to the top of the corporate priority list either. That has changed.

"Clearly what the new emerging markets offer stands in pretty sharp contrast to the problems these companies face in their developed markets," said John Elston, an analyst with James Capel & Co., the London broker-

In addition to slow-growing economies and even slower-growing populations in Eu-rope, food companies face an escalating threat from so-called private labels. Store brands now account for 35 percent of packaged food sales in Britain and 20 percent on tion. In the past those those attractions were largely offset by the high risk factors, and in many cases by their lack of a critical mass of middle-class consumers.

In recent years, just as the dwindling of expropriations, nationalizations and even revolutions has lessened the perception of risk, the explosion in consumer purchasiog

In Europe, food companies face an escalating threat from private labels. Emerging markets, in contrast, offer faster growth and less competition.

power in much of the developing world has heightened the perception of opportunity.
"China used to be seen as having a much higher risk factor than it does now," said John Warren, group finance director of the British cookie and snack maker United Biscuits PLC. "The opportunities in the Chinese market are absolutely enormous."

United Biscuits opened its first, small, cookie factory in China in 1990. After two expansions it now has a capacity of 20,000 tons of cookies a year. Mr. Warren said he

tories in China since 1990 and plans to open one more a year for the rest of the decade. Driven by rapid expansion in China and elsewhere, Nestlé stands on the brink of breaking out of its decades-old pattern of deriving 80 percent of its revenue from the developed economies and 20 percent from the rest of the world.

"It is quite clear oow that this 80-20 balance will change," said François Perroud, a Nestle spokesman in Switzerland. "The growth in population and in purchasing power in the emerging markets has opened new opportunities for a company like ours."

in Europe, many food companies must decide whether or not they should swallow their pride and use their excess manufacturing capacity to make products that will bear out their labels but those of French, German and British retailers who are their cut-price competitors.

Virtually all of them have gone that route at least part way in an attempt to soak up spare capacity and thus make their plants more efficient. The problem is that at the same time it erodes the distinctiveness of what they sell under their own labels.

"In the Old World, consumer knowledge seems likely to grow more quickly than purchasing power for the foreseeable future." said Les Pugh, an analyst with Salomon Brothers Inc. in New York. As a result, he forecasts a steady erosion of brand loyalties

See FOOD, Page 9

or \$1.19 a share, a year carlier.

First-quarter revenue at Mobil

lower financing costs.

worldwide, Mobil said.

2 Moderates to Federal Reserve By Lawrence Malkin International Herald Tribune Mr. Blinder, one of the academic

Clinton Names

WASHINGTON - President Bill Clinton began putting his stamp on the Federal Reserve Board on Friday with the nomination of two academic economists who are considered neither likely or capable of derailing Chairman Alan Greenspan's plan of gently braking the U.S. recovery by tightening shortterm interest rates.

He oamed Alao Blioder, a Princeton University professor who is a member of his Council of Economic Advisers, as vice chair-man of the board, and Janet L. Yellen, a professor at the University of California.

[Mr. Blinder said after his nomination that he saw no sign that inflatioo was gatheriog steam, AFP-Extel News reported. "The signs of an imminent acceleration of inflation just aren't there," be said. "You have to look pretty hard and be pretty creative to find anything that would indicate any sizeable increase in inflation over the oext couple of years."]

Ms. Yellen described herself as a "nonideological pragmatist" and said the Fed's policies "should in-spire the confidence of the business community, creating a favorable environment for investment and

long-term job creation."
The cominces, who now face Senate confirmation hearings, will fill two vacancies on the sevenmember board. They will represent an even-smaller percentage of the 12 members of the Federal Open Market Committee, which adds five regional bank presidents for its meetings every six weeks to set the course of monetary policy. Robert E. Rubin, who as White

Chairman Lucio A. Noto of Mobil also credited increased natural-House economie coordinator gas production, improved sales volplayed a principal role in the choices, said he was sure "the bond ume, cost-cutting programs and market will be very happy" about the nominations, and indeed inves-Earnings in its chemical division fell 29 percent, to \$15 million from tors hardly reacted because the two \$21 million, primarily oo lower names had been widely leaked as a profit margins for polyethylene way of testing the markets, which products, which are in oversupply have been our our since the Fed have been ourvous since the Fed began raising rates on Feb. 4. Mobil stock rose \$2.50 to \$78.625.

The yield on the 30-year Treasury bond was a bit higher at 7.23

economists who advised Mr. Clinton during the election campaign in 1992, joined the Council of Ecooomie Advisers as its macroeconomic specialist after Mr. Clinton became president. He has largely been responsible for the White House economic forecasts, which have generally proven correct to the percentage point or closer, in contrast to those of the previous Republican administrations, which often overstated growth forecasts

to give a rosy picture of revenues.

Mr. Blinder has accepted the lack of stimulus implied by Mr. Clinton's deficit-reduction campaign and made no attempt to argue for an extra push when the recovery was slow in delivering oew jobs last year. Lyle Gramley, a former Fed gov-

ernor who is the economist for the Mortgage Bankers Association said: "I don't expect these people to go over there with a bias toward inflation. Both are middle-of-theroad Democratie economists." Maria Fiorini Ramirez, wbo

heads her own Wall Street consulting firm, said she believed the Fed would keep to its present course regardless of the arrival of the two appointees — the first appointed by Democratic president since 1980.

ate for

Few economists, including Mr. Blinder, believe the old tradeoff between unemployment and inflation has much meaning any more. The nominees could help prevent the Fed from overdoing its policy of slowly raising rates this year, but they do not have the clout to stop it even if they wanted to.

As vice chairman, Mr. Blinder will be more involved in the daily administration of the vast Federal Reserve System and less in seconding Mr. Greenspan on policy questions than his title implies. Although it would also seem to put him in line to succeed Mr. Greenspan when the chairman's second term expires in March of the election year of 1996, there is little historical precedent for that, especially since the head of the nation's central bank has to be acceptable to Wall Street.

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Conflicting Results at Mobil and Exxon better than the average Wall Street quarter just above \$13 a barrel and Mobil's profit gain, to \$535 million, forecast of around 83 cents a share, were below first-quarter 1993 or \$1.31 a share, from \$490 million, Compiled by Our Staff From Dispatches

NEW YORK - Exxon Corp. said Friday its net income fell 2 percent in the first quarter because of falling oil prices, but Mobil Corp. said earnings were up 9 perceot as cost-cutting measures helped offset the drop.

At Exxon, profit fell to \$1.16 billion, or 92 cents a share, from \$1.18 billion, or 94 cents a share, in the first quarter of 1993, as revenue slipped 5 percent, to \$25.96 billion from \$27.26 billion. Exxon's spending on capital investment and on exploring for new energy deposits was little changed from a year earli-

the source of the Keynesian consumer demand that traditionally has fueled American recoveries. "We are in an exciting, powerful and very im-portant transition to an investment-led recovery,"

Stephen S. Roach of Morgan Stanley & Co. said. It

is being paced by a 28 percent increase in business

investment in computers, but this classic Wall Street optimist warned that "the outlook is fragile"

precisely because of the lean-and-mean corporate

reorganizations that have done so much for the productivity and profitability of corporations while doing so little for their workers.

This time the consumer squeeze cuts across all

classes except the very rich, who have been only slightly singed by Mr. Clinton's deficit-correcting tax increases. A few statistics about productivity

• Productivity gains accounted for almost 90

percent of the economic growth during the first

three years of this extraordinarily sluggish recov-

ery. In previous postwar recoveries, productivity

accounted for just over half, with the remainder

coming mainly from consumers as incomes rose.

workers dropped 11 percent during the 1980s, but consumer spending as a proportion of the whole economy rose as consumers went into debt. That

cannot go on, economists agree. Even after three years of working down their debts, interest pay-

ents by American consumers still take 16 percent

• For the first time since such statistics have

been kept, white-collar workers now account for more of the unemployed than do blue-collar workers. Moreover, staff cuts by U.S. corporations came to a record 600,000 last year — the third year

See SOCIAL, Page 8

• Real, or inflation-adjusted, weekly earnings of

chemicals rose 21 percent, to \$149 million from \$123 million, as improvements in major markets led to increased demand and higher margins, Exxon said.

Exxon's production of crude oil averaged 1,749,000 barrels a day in the first quarter, up from 1.676,000 barrels a day the previous year. Its worldwide natural-gas pro-duction of 7,294 million cubic feet a day was up 3 percent. Exxon said its worldwide pro-

duction earnings had been hurt by The energy company's profit was crude-oil prices, which ended the

First-quarter earnings from prices by an average of more than \$4 a barrel. It said exploration and inched up to \$15.12 billion from \$15.06 billion. productioo cutside the United States had brought in \$590 million, compared with \$668 million.

> Within the United States, Exxon said, earnings from exploration and production rose to \$245 million from \$228 million, reflecting the improved natural-gas market and lower operating expenses.

Despite the drop in oet, Exxon shares rose 50 cents to \$63 on the New York Stock Exchange. Higher natural-gas prices in

North America also were behind

(Bloomberg, Knight-Ridder)

G-7 to Talk

leading industrial countries.

Treasury Secretary Lloyd Bent-sen said this week that he feared the rise in interest rates this year would constrict economic activity and

for lower interest rates in Europe. Japan did not settle the question of who would represent it at the meeting until Friday, when it was announced that Finance Minister Hirohisa Fojii would come to Washington after the governing co-

current problems.

agues in the Group of Seven that the American economy's recent vigorous growth had not caused inflation to pick up and that the rise in rates must be "viewed against these good fundamentals." Mr. Bentsen also said unemploy

The ministers and central bank governors will also be meeting with ssian officials to discuss Mos-

About Russia And Rates

WASHINGTON — Recent rises in long-term U.S. interest rates, unemployment in Europe and Russia's economic troubles are on the agenda for Sunday's meeting here of finance ministers of the world's

slow the U.S. recovery. He said he would stress to his

ment in many European countries was "disturbingly" high and still rising and said there was still room

alition decided to nominate Foreign Minister Tsutomu Hata as its next prime minister.

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Bloomberg Business News
NEW YORK — Oil-company stocks rose Friday as a result of higher crude prices and relatively strong earnings, but they were offset by slumping utility and bank stocks as interest rates kept moving higher.

The Dow Jones industrial average fell 3.86. to 3,648.68; the average lost 12.79 points for the week despite a 53-point gain on Thursday. Among smaller shares, the Nasdaq Composite Index gained 3.83,

U.S. Stocks

to 722.56, boosted by gains in Amgen and technology stocks. Almost 11 stocks advanced for every 8 that fell on the New York

Stock Exchange, where volume dropped to 295.7 million shares from 378.7 million on Thursday. Texaco, Chevron and Exxon climbed as Texas crude oil for June delivery rose 47 cents a barrel, to \$17.10, its high since Nov. 4. Exxon

and Mobil also reported better-than-expected earnings. The main catalyst for the rise in the oil price was civil disturbances at Nigeria's Forcados field, which forced the operator, Shell Petroleum Development Co., to declare force majeure.

Among oil companies, Mobil rose 21/2 to 78%. The company said

analysts' estimate of \$1.12 a share. Exxon gained 1/2 to 63. The company said net income fell to 92 cents a share from 94 cents, surpassing analysts' forecast of 83 cents.

Texaco surged 11/2 to 65 and Chevron added 1/4 to 901/4. Traders said the bond market is still finding its feet after the Federal Reserve Board pushed up the interest rate on overnight interbank loans on Monday to 3.75 percent, the third increase this year. Yields on 30-year Treasury bonds rose to 7.23

percent from 7.21 percent. Small increases in interest rates contributed to weakness in utility and bank stocks, traders said. Both groups are considered to be sensitive to the direction of rates. Pacific Gas & Electric fell 11/4 to 271/2 and Northern States Power

dropped 11/4 to 427/s. BankAmerica dropped 1% to 44 and Chase Manhattan fell 1 to 33%. Amgen, a biotechnology company that gained 414 to 42, reported stronger-than-expected first-quar-ter earnings of 66 cents a share, up

from 55 cents a year ago. Zebra Technologies collapsed 6% to 2614. The maker of computerized label and ticket printing systems earned 35 cents a share in the first quarter, up from 30 cents a year ago but beneath analysts' estimate of 39

Dollar Slips Slightly On Eve of G-7 Meeting

AFP-Exid News

NEW YORK - The dollar softened slightly against major currencies on Friday on the view that the Group of Seven finance ministers' meeting this weekend would not decide to support the currency, dealers and analysts said. The dellar closed Friday at

Foreign Exchange

1.6882 Deutsche marks, down from a closing rate on Thursday of 1.6905 DM, and slipped to 103.240

yen from 103.680 yen.

"People here had expected the G-7 to at least provide some tacit support for the dollar against the yen," said Win Thin, analyst at MCM CurrencyWatch, He added that the dollar fell after U.S. Trea-

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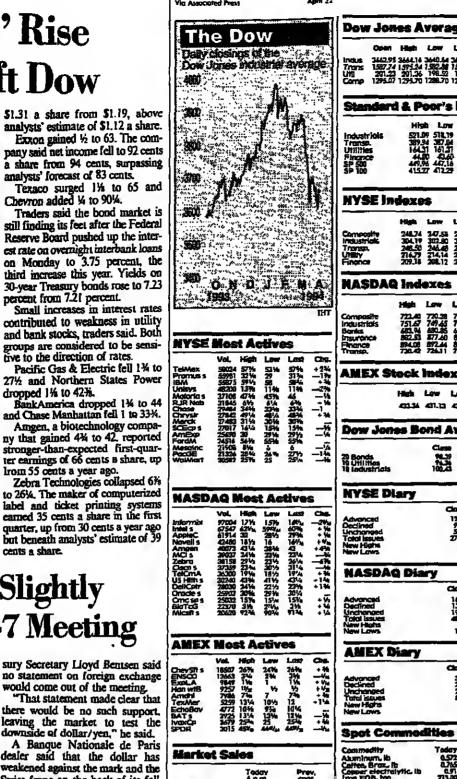
sury Secretary Lloyd Bentsen said no statement on foreign exchange would come out of the meeting. That statement made clear that

leaving the market to test the downside of dollar/yen," he said. A Banque Nationale de Paris dealer said that the dollar has weakened against the mark and the Swiss franc on the back of its fall against the yen.

The dollar/yen led dollar/mark higher earlier in the session, but we seem not to be expecting much to come out of the G-7 that would benefit the dollar, so we came back and tried the downside," he said. Technical trading is dominating market activity rather than any fundamental view.

The mark weakened slightly against other major European cur-rencies and against the yen as profit-takers cashed in on the mark's strong recent gains.

Against other currencies, the dollar slipped to 5.7860 French francs from 5.7960 francs and fell to 1.4325 Swiss francs from a close of 1.4335 francs on Thursday. The pound, however, fell to \$1.4895 from \$1,4910.



EUROPEAN FUTURES **Dow Jones Averages** 150.75 +2.75 152.00 +2.50 153.00 +2.25 155.00 +2.80 157.75 +1.50 157.75 +1.50 157.25 +1.50 157.25 +1.50 Open High Low Lost Chy. Metals Aug Sep Oct Hey Dec Jun Feb 3462.95 3444.16 3440.44 3448.45 --0.86 1587.74 1595.24 1582.86 1595.02 +11,86 201.23 201.34 1984.52 199.25 --1.91 1295.07 1295.70 1288.70 1292.49 +0.58 Standard & Poor's Indexes BRENT CRUDE QIL (TPE) HIGH LAW COSE CAPE 521.07 512.79 519.07 + 0.27 389.94 307.04 389.26 + 2.15 164.21 161.21 161.21 - 2.00 44.00 44.01 42.01 - 2.00 44.04 44.04 44.02 - 2.10 415.27 412.29 412.25 - 1.76 5255.00 5240.00 5265.00 5215.00 5365.00 5210.00 5280.00 5290.00 245.74 147.59 247.95 -0.23 304.17 302.90 303.37 +0.39 246.50 244.65 246.25 +1.76 714.77 274.14 214.36 -2.46 209.18 208.12 208.21 -0.71 Stock Indexes Financial High Low Last Chy. CAC 40 (MATIF) High Low Last Chy. 431.12 431.31 +218 **Dow Jones Bond Averages** Dividends Est, volume: 728, Open Int.: 18.TBL

2-MONTH EUROMARICS (LIFFE)

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U.S./AT THE CLOSE

A U.S.-Canadian Quarrel WASHINGTON (Combined Dispatches) - The United States, in a

farm-trade dispute with its largest trading partner, announced Friday it would restrict imports of Canadian wheat, flour and barley as of July 1. Canada promptly threatened retaliation. Agriculture Secretary Mike Espy of the United States said weight

limits would be negotiated over the next 90 days, with a goal of limiting Canadian shipments to levels far lower than present. He accused Canada of dumping grain at unfairly low prices in the U.S. market. We feel aggrieved because of the inordinate amount of wheat

that is coming in from Canada," he said. Trade Minister Roy MacLaren of Canada said: "We're going to light this. We are not subsidizing our grain exports to the United States. We are trading fairly in their market, to which we should have access." Later, a Canadian official added, "The U.S. decision is not cost-free."

American chicken, wine, bourbon whiskey, pasta, canned foods and bakery goods are on a tentative Canadian list for retaliation. Canada and the United States are each other's largest trading partners with annual commerce of about \$210 billion. The U.S. trade surplus is \$800 million. Farm trade between the two exceeds \$12 billion.

Mr. Espy said America notified the General Agreements on Tariffs and Trade in Geneva of the U.S. intent. This triggers a 90-day period to try for

Unisys Reports Big Drop in Revenue BLUE BELL, Pennsylvania (Reuters) - Unisys Corp. on Friday

reported a steep drop in first-quarter revenues, sending the computer maker's stock down nearly 20 percent despite an overall gain in operating The company is having trouble shifting from mainframe computers to

services and the result has been a swift decline in sales.

Unisys posted net operating income of \$67.7 million, or 21 cents a share, in the first quarter, up 19 percent over \$56.8 million, or 16 cents a share, a year ago. But sales unexpectedly fell to \$1.69 billion from \$1.91

Discount Wars Slice Apple Profits

CUPERTINO, California (AFP) — Apple Computer Inc. has reported
a sharp drop in earnings in the first three months of 1994 despite increased revenue as discounting cut into the computer maker's profit

Earnings for the company's second quarter, ending April 1, were \$17.4 million, or 15 cents per share, down from \$110.9 million from the like period a year earlier, the company said late Thursday.

Revenue rose 5 percent, to \$2.07 billion, compared with \$1.98 billion in the corresponding 1993 period.

Kellogg Nets Record \$183.9 Million

BATTLE CREEK, Michigan (AP) - Kellogg Co. said Folday that firstquarter profits rose 3 percent on increased overseas sales of its breakfast cereals for a record \$183.9 million, or 81 cents a share, in the three months

ended March 31.

This compared with \$179.2 million, or % cents a share, in the like period of 1993. Sales rose 6 percent, to \$1.61 billion from \$1.52 billion.

The Kellogg chairman, Arnold Langbo, attributed the gains to "improved operations globally and solid volume growth in cereal in Europe, Latin America and Asia-Pacific, and convenience foods in North America."

For the Record

Intel Corp. said Friday it will build a \$1.3-billion microchip factory in Chandler, Arizona, as part of its expansion program. (AFX)

Northern Telecom plans to spend more than \$130 million to set up research, manufacturing and marketing operations in China. (Bloomberg)

Bulls on Run in Europe

LONDON - Stocks rose nearly 3 percent in Spain and as much as 2 percent in other key European markets as a rally on Wall Street on Thursday eased concerns about a global decline in equity prices.
Stocks in France and Sweden

rose 2 percent while stocks in Britain, Italy, Belgium, Denmark, and Norway all gained at

least I percent, much of it in the first hour of trading in reaction to a gain of 53.83 points in the Dow Jones industrial average on Thursday.

723.40 720.26 751.67 749.45 481.94 680.85 882.53 877.40 894.06 892.44 730.42 726.11

Things are starting to look more positive," said Ian Blance, global economist with Nikko Securities Europe Ltd. "What happened yesterday in the U.S. was instrumental."

Continued from Page 7 of recovery - and are running at about the same pace so far this

"Income inequality," Mr. Wyss says, "is turning the United States into a two-tier society. More and more college graduates are doing better and better, and more and more high school dropouts are doing worse and worse.

In 1970, the mean family income

SOCIAL: Gaps Widen in America, Raising Questions About Consumers lars), while the highest one-lifth Thirty percent of American chil-but by no means all, of that slow-earned \$68,224 in 1989, earnings dren live in the families with indown will be due to rising interest

tually unchanged, in constant dol- since 1970 the percentage of chillars, at \$9,431, while the top 20

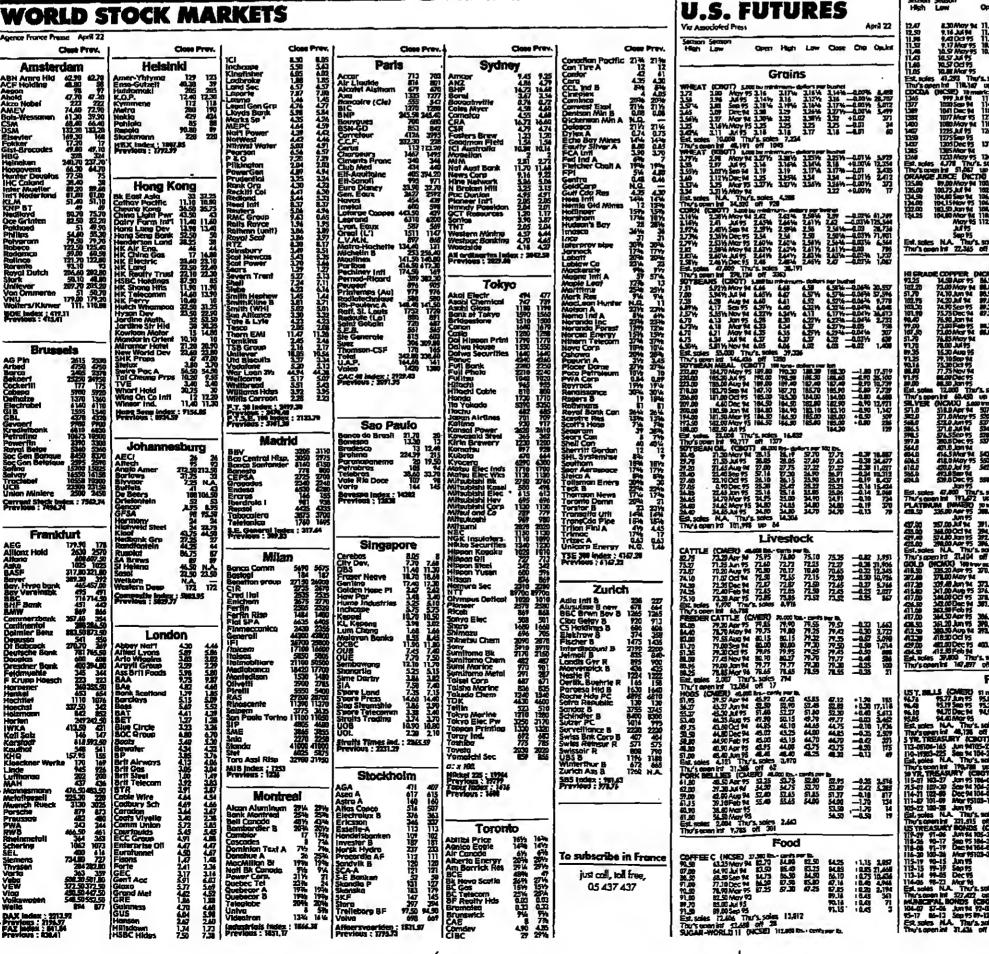
percent had seen almost a 50 percent increase, to \$92,663. The top echelon is heavy with couples who are both college graduates, with both of them working. and who have two children or fewer. The lowest tier is dominated by

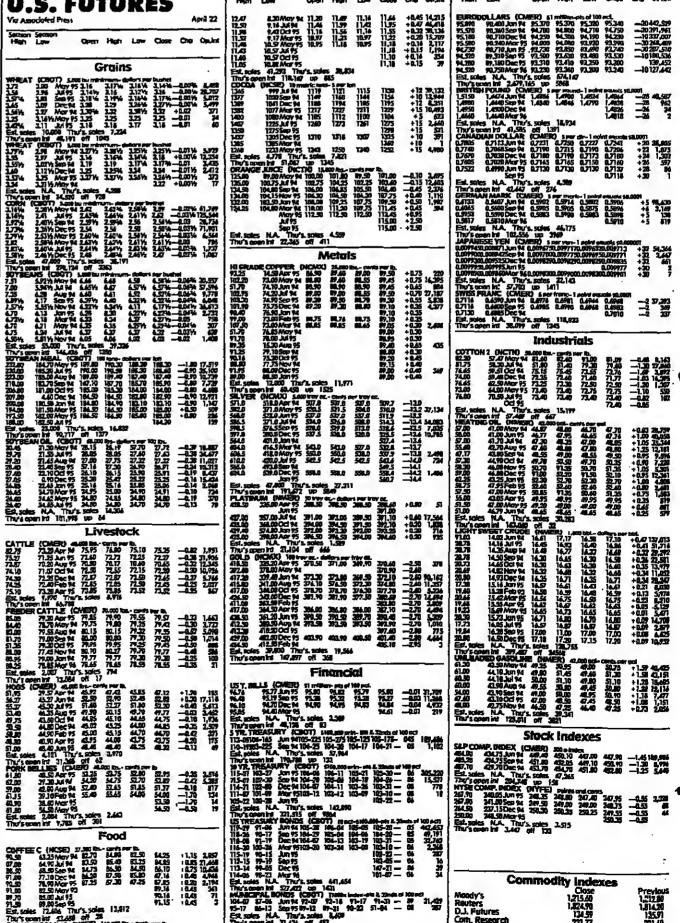
has almost doubled, to 15 percent. "Society is splitting," said Mr. Wyss, and this influences his economic forecast, which foresees fairly robust growth of 3.7 percent this

dren live in the families with inof the bottom 20 percent were vir- comes in the lowest 20 percent, and rates. By contrast, the latest consensus dren whose mothers are on welfare

forecast reported by Blue Chip Economic Indicators of Sedona, Arizona, is for comfortable growth of 2.9 percent next year.

Time will tell how soon the delicits in their society will affect year but only 1.6 percent next year Americans' pocketbooks; but Mr. of the bottom one-fifth of the pop-ulation was \$9,070 (in today's dol-winner and by mothers on welfare. in the election year of 1996. Some, matter of time until they do. and a feeble rebound to 2.3 percent Wyss says he is sure it is only a





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Bonn Says GDP Likely to Rise 1.5% in 1994

BONN — German economic growth in 1994 could be at the high end of government forecasts and growth, which some economists had unemployment is unlikely to return predicted because of energy tax into its post-war record of over 4 creases and rises in social security million, Economics Minister Gun-ter Rexrodi said Friday. contributions, appeared not to have materialized and pan-German

In the latest display of government optimism about the economy in a major election year, be said his forecasts of West German gross do-mestic product growth of 0.5 to 1

Will have being the

the the forest

PARIS — France's economy con-tracted by 1 percent in 1993, which means the recession was much deeper than previously thought, according to figures released by the national statistics office on Friday.

of February, the statistics office, IN-SEE, had put the drop in gross domestic product at 0.7 percent.

The Economy Ministry moved fast to nip in the bud any fears that the figures may have raised about recovery this year. An official said there was no need to alter the goverament's forecast of 1.4 percent growth in 1994, especially since the economy has been more robust than expected so far this year, "If there is any revision, it certainly won't be downward," the official said.

up to 1.5 percent were realistic. The decline in first-quarter

seemed assured, analysts said. The opposition Social Democrats, who are leading in opinion polls ahead of elections on Oct. 16, said the government was exaggerating the extent of the improvement.

growth of at least 1 percent this year

This is not a recovery for every-French Dismiss Fall one, it is a welcome, but far from adequate, pickup in parts of the export industry," said Oskar Lafontaine, deputy leader of the So-

The Federal Statistics Office released figures showing Germany had a February current account deficit of 4.8 billion Deutsche marks (\$2.84 billion), up from a revised 2.7 billion DM in January, In its previous estimate, at the end changed at 5.7 billion DM.

Economists said the data showed that exports, which the government hopes will pull Germany out of its worst post-war recession, were continning to improve, but slowly.

■ Producer Prices Rise

Producer prices in Western Germany rose 0.1 percent in March from February and were up 0.3 percent from a year earlier, the Federal Statistics Office said Friday, Bloomberg Business News re-ported from Wiesbaden.

Russia: Only Better, Not Yet Good Inflation Slows, but Big Policy Decisions Remain

to heart the West's main con-

cerns: inflation and the budget deficit. He has pushed the central bank director, Victor V. Gerash-

uties to rely upon. At the same time, he and Mr. Chernomyrdin

no longer have Mr. Gaidar to

Mr. Chernomyrdin has at least

not made matters any worse than

they were before the Russian ul-

tranationalist, Vladimir V. Zhir-

inovsky, rode a wave of economic

dissatisfaction and patriotic re-

sentment to take 23 percent of the

vote in elections in December 1993.

flation rate.

By Steven Erlanger

New York Times Service
MOSCOW — The decision by
the International Monetary Fund
to grant Russia a long-delayed \$1.5 billion loan, and its statement that discussions might start soon on a \$3 billion standby credit, is important recognition that the new centrist Russian government, even without its bestknown reformers, is working to slow inflation and stabilize the

But the decision is also a kind of prayer that the government can adhere to its tight policy on spending despite growing pres-sure to ease up in politically vola-tile Russia, where most people fear unemployment more than they fear inflation

On the bright side, the monthly rate of inflation has been under 10 percent for two months now, a major drop from the 22 percent recorded in January and the monthly average of about 20 percent in 1993.

Just as important, the Russian central bank, which flooded the economy with cheap credits and loans last year to keep inefficient industry and agriculture afloat, is obeying the government's instructions to keep a tighter rein.

The IMF loan is an important victory for Prime Minister Victor S. Chernomyrdin, who had to lobby hard for it, especially after the government's best-known economic reformers, Yegor T. Gaidar and Boris G. Fyodorov, quit in January. Mr. Fyodorov predicted vestors in the West panicked.

But Mr. Chernomyrdin, who had spoken in January of the need for much higher government spending and inflation, has taken If Mr. Chernomyrdin, a former manager of state industry, has brought no real coherence to economic policy, be bas so far resist-ed pressure from his natural allies in the military, industry and agri-culture to open the spigots of gov-ernment spending.

"Chernomyrdin is doing his

chenko, to rein in credits and keep interest rates above the inbest, and we want to encourage that and hope that he can keep it up," a senior Western diplomat said. "After all, if be fails, look at Mr. Gerashchenko, a political survivor, owes his job to Mr. Chernomyrdin and no longer has the alternatives the old Congress of People's Dep-

The West has also decided that since Mr. Chernomyrdin is no Westernized reformer and represents the responsible center as well as the old Soviet industrialbureaucratic elite, he keeps the new Parliament more favorably disposed toward President Boris

Mr. Chernomyrdin and Mr. Gaidar's replacement, the reformist economist Alexander N. Shokhin, regularly admit that the government is trying to bug a precipice between the byperinflation that would result from big subsidies and the mass unemployment that might result from too little government aid.

Western officials emphasize the bright side in public, but there is considerable concern.

In fact, credit for the decline in Mr. Fyodorov and Mr. Gaidar. The February and March figures reflect spending and credit deci-sions made in November and December, when they were pressing an extremely tight credit and fiscal policy to try to win the IMF's

Their policies resulted in factory layoffs, furloughs and un-paid salaries — policies that strengthened Mr. Zhirinovsky in the election.

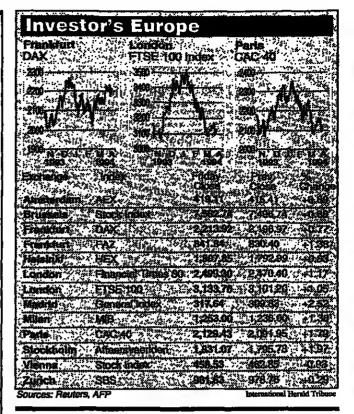
Those problems continue with varying severity, and they con-tributed to an official drop of 23 percent in industrial production from the first quarter of last year.

That figure is exaggerated, since companies have an interest in underreporting production and the numbers do not include private sectors of the economy. But it agitates politicians.

Whether Mr. Chernomyrdin can hold the line - or will even try to do so now that the IMF loan has come through - remains unclear. The pain resulting from tighter budgets and credits will grow, bringing louder howls from the military, collective farmers and still-bloated enter-

The second big worry, said Charles R. Blitzer, a World Bank economist bere, was "the lack of a clear strategy on economic re-structuring." both in promising sectors such as banking, which needs to grow, and in ailing sec-tors such as the coal industry, which needs to shrink.

The biggest challenge remains how to shrink the industrial sector without causing social unrest. On this, Mr. Bhtzer said, there has been "no great progress" yet. While linking a social safety net to restructuring remains a goal, no strategy has been chosen or money appropriated for such a



Very briefly:

 European Union industry ministers agreed to extend the Union's steel rescue plan if the industry can come up with 19 million tons of capacity cuts, Competition Commissioner Karel van Miert said.

• Rhône-Poulenc SA's chairman, Jean-René Fourtou, said results from the company's health-care activities would be stable in 1994, and there would be "small-but-certain" progress in chemicals.

VCI, the German chemical industry association, said West German industry sales in the first quarter rose 2 percent from a year earlier, to 41 billion DM (\$24.3 billion).

• Karl Kässbohrer GmbH, a privately held maker of buses and snow

grading machines with annual revenue of 2 billion DM, said it might sell its bus unit to Mercedes-Benz AG. The Austrian government would like to sell its 23 percent stake in Bank

Austria AG, Finance Minister Ferdinand Lacina said. The Bank of Spain cut its intervention rate to 7.75 percent from 8.00 percent, and major Sapnish banks cut their prime lending rates, also by 25

 Argentaria Corporación Bancaria de España SA said first-quarter net profit after minority interests rose 12.8 percent from a year earlier, to 20.778 billion pesetas (\$151 million).

AFX, Reuters, Knight-Ridder, AFP, Bloomberg

Inchcape PLC Emerges As Hogg Group Buyer

LONDON - Incheape PLC, an international services and marketing concern, said Friday it planned to buy the insurance broker Hogg Group PLC for £176.6 million (\$264 million).

inchcape said it planned to merge Hogg Group with its own insurance brokerate, Bain Clarkson Ltd. It said the transaction said would create the world's seventh-largest insurance bro-

ker, and it plans to sell part of the new company in a public offering by 1997. Inchcape said it would retain a majority stake in Bain Hogg Clarkson.

The announcement followed more than two weeks of specula-tion over the identity of bidders for Hogg Group, whose stock price has soared since it said on April 6 it was being courted by a number of companies.

Ciga Share Surge Snags ITT Takeover

MILAN — A share issue that was intended to clean up the debt of Italy's Ciga Hotels SpA and transfer its ownership to ITT Corp.'s Sheraton hotel chain appears to have gone so well that the \$535 million purchase is now in danger. the companies and analysts said Friday, "Nobody expected it to be taken up by the

market," said Claudio Miorelli, Ciga's spokesman. In fact, investors have bid up the shares to a point where they value Ciga at the equivalent of \$850 million, or 1.6 times what Sheraton is willing to pay. Sheraton appears able at this point to acquire

only about a third of Ciga's shares. The rest is held by investors who would have little interest in selling at the price Sheraton is offering. The U.S. company's agreement to take over the

Sheraton said the planned purchase was in danger but that it would not increase its offer. "I guess some people there are in for a rude awakening," said Jim Gallagher, a spokesman for ITT. "We have an agreement." Sheraton also recalled all of its employees

who bad been overseeing the transition process at Ciga's 35 botels throughout Europe. Under an agreement worked out in February

between Sheraton and Ciga's bank creditors, the banks were to subscribe to a Ciga share issue and then sell the shares at a loss to Sheraton, recouping at least 75 percent of their loans. The share issue was open to all Ciga share-

holders. But with Ciga's share price at the time sagging after four straight years of losses, only the banks were expected to take up the issue.

chain will be void if it cannot get 50.1 percent. The new shares were to be issued at 1,000 lire per share when Ciga was trading at 840 lire per share. The banks were to sell the shares to Sheraton at about 740 lire a share.

But word spread through the Milan stock market that a bid from another group might be coming, since after the share stone Ciga's debts would be gone and the company would be a more interesting investment.

"Suddenly, the rights started selling like mad," said Luca Comi, an analyst at the Inter-EuropaSim brokerage in Milan.

The shares closed Friday at 1,169 lire after 13.8 million shares changed hands. "We are hopeful that this transaction can be

ultimately concluded in the way originally anticipated by all parties," said Rand V. Araskog,

UAP to Raise \$518 Million

PARIS - France's largest insurance company, Union des Assurances de Paris SA, plans to raise about 3 billion francs (\$518 million) in a capital increase on the eve of its sale to the private sector.

The amount to be raised is determined by the French state, which is still UAP's majority shareholder.

purchase of the non-French opera-

UAP's chairman, Jacques Friedmann, has said the cash will be used for investment and to complete the

tions of Groupe Victoire, which it bought from Compagnie de Suez SA last year. The sale of UAP should bring in

more than 20 billion francs for the state. Investors who subscribe before the pricing will have the right to cancel their orders if they do not approve of the pricing. The French state is also selling 86

million UAP shares, offering half to the French public and half to institetional and foreign investors. Shares in UAP rose 4 francs to

165 Friday on the Paris Bourse.

NYSE

Friday's Closing
Tables include the nationwide prices up to
the closing on Wall Street and do not reflect
late trades elsewhere. Via The Associated Press

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Continued from Page 7

on which the big food companies

in the emerging markets the cy-cle is still in its infancy. There, branded products still represent a guaranty of quality. There people almost aspire to buy brands," said Mr. Elston of James Capel. There the job of the food companies is not to defend their labels but to estab-lish them. Kees Van der Graff, spent four years doing just that for Unilever in Asia before he recently returned to head the company's food operations in Switzerland.

He successfully established Unil-ever's ice cream brands in China. "We sell ice cream in very modern pushcarts and we build brand loy-alty based on clear product pluses," he said, noting such things as the hygienic conditions it is produced under, as well as constant refrigera-

Simple considerations like those and an absence of modern compet-

itors have enabled Western food companies to command a premium price for their products. At Unilever that has meant that while the company last year had operating margins of 9.8 percent in Europe, they were 12.8 percent in rest of

world markets.

By rushing into emerging markets to take advantage of the superior growth there, the food companies themselves provide a vital link in a virtuous circle. They provide the jobs and the incomes to boost growth. Again the contrasts with their home markets are vivid.

As he announced more job losses and more restructurings in Unil-ever's operations in the developed world recently, Sir Michael Perry noted that in some parts of the world his company would actually

"If growth in the future is coming from the Chinas and Indias of the world then that is where the job gains will be," be said.

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Section 1

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SEC Prescribes Global Approach To Derivatives

Compiled by Our Staff From Dispatches TOKYO — Arthur Levitt, chairman of the U.S. Securities and Exchange Commission, said Friday he hoped the Group of Seven industrial powers would emphasize cooperation in overseeing the trading of derivative financial instruments.

"No one nation can adequately protect the interests of our financial communities without reference to the others," he said before leaving Saturday for Hong Kong and China. "Hopefully, the G-7 will make it a priority."

Ministers and central bankers from the G-7 countries — the United States, Japan, Germany, France, Britain, Italy and Canada — are scheduled to meet over the weekend in Washington.

Mr. Levitt, in Tokyo for talks with Japanese and British regulators, said it was too early to know if international regulations on derivatives trading should be strengthened. That is something that will follow greater understanding of what products are involved, how they are traded and the extent of

cross-border transactions," he said. Financial derivatives, so called because they are derived from other instruments, include futures, options and swaps based on currencies and interest rates. They are controversial largely because of the vast

years and because they escape tradi-tional regulatory frameworks. During their talks in Tokyo, the regulators from the United States, Japan and Britain signed an analy-sis and coordination agreement, Mr. Levitt said.

He said the three nations are to study the derivatives market with an eye to issuing a set of recom-mendations for a "methodology" to increase its transparency. Mr. Levitt said it will then be determined "whether or not a regulatory response is appropriate."

Attending the meeting were offi-cials from Japan's Securities Bureau, its Securities and Exchange Surveillance Commission, the SEC, and Britain's Securities and Investment Roard

An official of Japan's Finance Ministry said the representatives had agreed closer attention must be paid to risk management, especially by brokers. However, no specific schedule or plan was discussed, the ministry official said.

Mr. Levitt said Japan's derivatives market was underdeveloped compared to those in the United States and Britain. But he added: "I believe derivatives will become an important factor in the Japanese market in a very short period of time." (AFP, Bloomberg, Reuters)

Heeding the Siren Song of Asian TV Western Investors Find Dangers Surround the Prize

By Richard Covington

Special to the Herald Tribune
CANNES — The once and future promised land of Asian television is turning out to be a mine field. "We could all lose our buns out here," said Ted Turner, addressing broadcasters recently in Hong Kong.

Sobered by the spectacle of Rupert Mur-doch's STAR TV bemorrhaging losses estimat-ed at \$500,000 a week, candidates vying for position in the anticipated Asian television gold rush are looking long and hard before leaping into the potentially lucrative field. Despite the dangers, the lure of the Asian prize is irresistible. At this week's MIP-TV

international television market in Cannes, American, European, as well as Asian broad-casters sketched their plans for cracking the largely untapped market. NBC, Britain's Thames Television, the Australian Broadcasting Corp., the Japanese public network NHK, and the independent Hong Kong pro-grammer Robert Chua all announced major

initiatives in the region. The demographics are staggering — in China alone, television advertising is predicted to be worth \$1.7 hillion by 1996, according to Kay Koplovitz of the international council o the National Academy of Television Arts and Sciences, the organization that presents the Empry awards. In India, the cable networks

are signing on new subscribers at the rate of 5,000 households a day, she said. Patrick Cox, who oversees Asian program development as the managing director of NBC Europe, said that NBC had already reserved two transponders on the Asian satellite Apstar 2, set for launch next year, and was negotiating with Reuters and Thomes Television for the creation of a joint Asian business channel. He acknowledged, however, that the network wasbeing "very careful" with its planned expan-sion into the volatile Asian market.

Even Japanese broadcasters are finding it difficult to break into television markets elsowhere in Asia. The Asian countries are extremely wary - not just of American and European cultural invasion, but of Japanese as well," said Akira Saito, managing director of NHK. The network nonetheless managed the delicate political maneuver of obtaining China-Taiwan cooperation in its series on the

palace treasures of Beijing and Taipei. The Australian Broadcasting Corp. is an-Other player aggressively courting Asian audiences - particularly with its news services, drawn from 10 regional bureaus. The net-

I have decades of experience in programming for this region and know how not to upset the people.'

Robert Chua, Hong Kong

programmer and investor

work maintains rebroadcast agreements that allow the channel to be transmitted to terrestrial stations in China, Indonesia and Southeast Asia. Sensitive to Asian mores, Australian Broadcasting bews assidnously to editorial guidelines that warn reporters and programmers away from disparaging figures

of authority or depicting nakedness.

David Hill, Australian Broadcasting's managing director, defended this policy. "A lot of American broadcasters view Asian attitudes to sex and authority as restrictions on free press, as a case of dictatorial regimes rrying to quash the media," he said. "But this critique is far too superficial. It's not a question of censorship; it's a question of tradi-

Apart from the cultural divide separating Asia from Western broadcasters, snother financial hurdle is the lack of pan-Asian advertising. Mr. Hill is hopeful that new advertisers will come on board, but so far only a handful

win to the a total of the network — Foster's Brewing Group Ltd., Qantas Airways Ltd. and Digital Equipment Corp. among them.

Mr. Chua is another who is bullish on emerging pan-Asian advertising and confident of capturing the Chinese market with his Chinese Entertainment Television channel.
Mr. Chua asserts that he has lined up more than enough potential partners willing to invest \$100 million in this 24-hour Mandarinlanguage service, aimed at 1.25 billion main-land and overseas Chinese.

The Singapore-born Mr. Chua, who created Hong Kong's longest-running TV series, "Enjoy Yourself Tonight" and has made a fortune in commercials and corporate videos, may have the expertise and financial clout to make good on his promises. He has paid \$1.8 million to reserve transponder space on Apstar I, the satellite owned by the Chine government scheduled for launch later this year. Programming on his CETV will be a mix of talk and quiz shows and situation comedies, Mr. Chua said. "No Kung Fu movies and no news. My pockets may not be as deep as the big boys," he added, alluding to Sir Run Run Shaw's TVB, Mr. Murdoch's STAR and American investors such as Viacom Inc. and Time Warner Inc., "but I have decades of experience in programming for this region and know how not to upset the

In the end, this knack may prove more successful than plowing vast sums of capital into a market that continues to clude Western

Very briefly:

Investor's Asia

Vietnam, China, Thailand, Cambodia, Laos and Burma approved \$12 billion of transportation and energy projects at a conference in Hanoi of economics ministers of the countries along the Mekong River.

 Mercedes-Benz AG and Tat Engineering & Locomotive Co. of Bombay agreed to create a joint venture, Mercedes-Benz India, to make 200,000 cars and 500,000 engines a year in India, starting in 1995.

· Honda Motor Co. is likely to report that consolidated net profit nearly doubled, to about 38 billion yen (\$369 million), for the year ended March a Japanese newspaper report said; the automaker, which will report carnings next month, refused to confirm the report.

 Malayan United Industries Bhd. stock jumped 12.6 percent one day after the announcement that the company would buy Rupert Murdoch's 15.1 percent stake in South China Morning Post (Holdings) Lul.; Hong Kong regulators said they would examine the deal.

China and Turkmenistan held talks on a rail link tracing the route of the old Silk Road and a natural gas pipeline project, Prime Minister Li Peng and President Saparmurad A. Niyazov said.

 Taiwan's largest steel company, China Steel Corp., said provisional pretax profit for the first three months of 1994 rose 73 percent from a year earlier, to 2.67 billion Taiwan dollars (\$101 million).

· China moved to end futures and cash forward trading in steel, coal and sugar and may consider similar action for copper and petroleum, part of an effort to control inflation in strategic materials.

Mitsekoshi Ltd., a Japanese department store operator, said its pretax loss widened 58 percent from a year earlier, to 3.4 billion yen, in the year

 China Light & Power Co., a leading Hong Kong utility company, said pretax profit rose 20 percent in the six months ended in March, to 2.08 pretax pront rose 20 percent in facilities).

billion Hong Kong dollars (\$269 million).

AFP, Bloomberg, Reuters, Knight-Ridder

Shanghai Rally Ends in Fizzle

SHANGHAI - A brief Shanghai stock rally fizzled Friday, capping one of the worst weeks in the three-year history of the market

After three days of sharp falls, the class-A-share market, exclusively for Chinese investors, was overwhelmed by sell-The A-share index dropped

2.98 percent on Friday to end at 580.01. The index has now lost 65 percent of its value since its high in February last year.

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Korea Bank Chief Offers to Quit in Telecom Affair

SEOUL - The president of Korea Exchange Bank offered Friday to resign in the growing controver-sy over this week's share auction of

state-owned Korea Telecom.
The state-backed bank handled the auction of the 5 percent stake in Korea Telecom on Monday and Tuesday, with the bank itself taking part in bids for 14.4 million

The finance ministry ordered the Office of Bank Supervision, an bank, voicing suspicion that bank manipulated bidding prices.

a ministry statement said.

The bank's president, Huh Joon, said later that the bank had bid at 34,800 won (\$43,11) per share which, as it turned out, was the eventual strike price — the lowest price at which applications for shares were successful. Mr. Huh said he feared this

would invite controversy and told his staff to change the anction reoversight agency, to investigate the cord so the bank could be seen to have made a lower bid of 34,600 sulted largely from the govern-won. This effectively lowered the ment's decision to allow the han-

PLUGGED IN By Louis Sabin

"There is a suspicion that Korea strike price to 34,700 won and dling agency to take part in the Exchange Bank lowered its bidding made the bank's revised bid unsuc-price after the auction was closed," cessful.

"Even though the Korea Ex-

"We applied shares at 34,800 won but later I was told that the lowest successful bid price was set at 34,800 won," Mr. Huh said. Then I directed my staff to indicate we had failed in the auction because we applied at 34,600 won."
He added, "I will resign after the bonor of the bank is restored

through investigation." Critics said the irregularities reemployees and pension funds un-

"Even though the Korea Exchange Bank been successful in the all institutions except securities auction," a securities company re- houses and investment trusts to apa common sense."

percent stake in Korea Telecom last October, applications were limited to individual investors. This ited to individual investors. This uled by early next year for the sale resulted in undersubscription. The of a 15 percent stake in Korea Telefinance ministry had to fix the sale com as part of the government's price and made Korea Telecom privarization program.

This week, the ministry allowed

searcher said, "There would have ply. The ministry also set the minibeen nothing illegal under the givnum bid price at 29,000 won.
en rule. But it might be a matter of ... "The current method needs to be reviewed before the next anction,"

said a researcher at the Samsus Economic Research Institute. Two more auctions are sched-

COMPANHA PARANAENSE DE ENERGIA - COPEL USINA HIDRELÉTRICA SEGREDO DERIVAÇÃO DO RIO JORDÃO INTERNATIONAL BIDDING D-03

TURBINE-GENERATOR UNIT AND RELATED EQUIPMENT CALL FOR BIDS

COMPANHIA PARANAENSE DE ENERGIA - COPEL informs that the international bidding is open for design, supply, transportation, assembling and operation start-up of Rio Jordão Derivation Turbice-Cenerator and Related Equipment, located at Pinhão and Candói municipalities border, in the State of Parana - Brazil. The minimum price type international bidding is open exclusively for individual or consortium grouped companies established in 1DB (International Development Bank) member countries. The financing of the items of the present bidding is in accordance with the terms of Loan contract = 502/107/BB

Loan contract n. 593/OC/BR.

The bidding documents, as well as the technical specifications will be available to the candidates from April 22 on, against payment in cruzeiros reals equivalent to US\$250,00, at the following addresses: Superintendencia de Obras de Geração R. Voluntarios da Patria, 233 - sala 504

80020-942 - Curitiba - Parana Tel: (041) 322-1212 - Ramai 541 Escritorio COPEL São Paulo Al. Santos, 1800 - 14o Andar - Conj. 148 01418-200 - São Paulo - SP Tel: (011) 289-1431

At the time of purchase of the Bidding Instructions, the company shall present a letter containing its complete mailing address. The bid delivery will be oo July 13, 1994, at 3:00 PM, at 233 Voluntarios de Patria Street, 5th floor, Curitiba-PR.

The Bidding will be ruled by: Law n. 8666, dated June 21, 1993; resolution set forth by State Decree n. 700, dated September 9, 1991; IDB bidding procedure and by further conditions herein stated and also in the Contract Documents.

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CASINO LOUTRAKI EXPRESSION OF INTEREST FOR CO-OPERATION

At Loutraki, 80 km from Athens - a Casino license will be soon granted by the Greek Government. The Municipality of Loutraki and Perahora, having the appropriate land as well as specific pre-feasibility studies for the touristic development of the wider area, and having interest to co-operate with investor in order to participate in the official tender for the acquirement of a license.

Invites

Investors to submit proposals of expression of interest for the phase of pre-evaluation (short-list). Basic criteria for the pre-evaluation of the proposals:

Experience in large touristic development programmes (amounts, invested, country, year, partners, etc.). Experience in constructing, organising and operating of Casinos (co-operation with other hotel or casino

Presentation of appropriate economic data indicating the financial statue of the candidate investor (halance

Co-operation with Banks with suitable references and permission to further request additional information. Minimum amount of investment for the first phase of construction of the project should be the amount of 40

Desired maximum construction duration 3 years. Short-listed candidates will receive in due time from the Municipality the relevant prefeasibility studies which

The Hotel-Casino cluster; - The construction and operation of a Marina, etc.

The Municipality, with its Société Anonyme will collaborate with the strategic investor with a percentage share and terms which will be set during the negotation phase. All proposals must be submitted by the 10th of May 1994 at the following address:

Municipality of Loutraki - Perahoras El. Venizelou 47 - Loutraki GREECE Tel.: 9741-02172 & 01-7221982.

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The 1994 Bargain Rush for Commercial Real Estate Is On

Hedge Funds: Stop the Rush **To New Rules**

HE U.S. Congress has been holding hearings into the activities of so-called hedge funds to try to determine whether they can and should be regulated. The unease of the House Banking Committee is understandable. These private pools, which escape the scrutiny given to mutual funds, can commit to the markets many times the value of their assets through speculation in derivative instruments and liberal use of bank financing. By some estimates,

managers have \$2 trillion at their disposal.

That is a worrisome amount of money.

What lawmakers fear first is volatility in the markets. Several bouts of turbulence, in currencies and European bonds, have been blamed on huge bets -- some won, some lost — made by hedge funds. The second and bigger fear is that the swings become so violent that the health of some large banks is out in jeopardy.

Funds can be so leveraged and can lose so much that their problem becomes the prob-lem of the banks that lent them the money to speculate. Even a big win can be a big disaster, too. Banks often custom-design derivatives for institutional traders and then take the other side of the trade. Their clients'

gains become their losses.

The fear of the legislators is justified, but not their reflex to legislate. It has yet to be shown that markets are any more volatile today than in the past, or that derivatives trading and other highly leveraged forms of speculation are the cause.

Hedge funds began to attract attention when they ganged up on the Italian lira and British pound in 1992. While the currencies were driven from the European exchangerate mechanism, it is now clear they were headed in that direction anyway. The funds just made the trip a little faster.

Lately, managers have not been as good or as lucky at figuring out market trends. Earlier this year, they backed the dollar against the yen and lost a hundle. The same thing happened when they bet on a rise in European honds. That shows that no investor, even the biggest, can move a market where it does not want to go for any length of time.

Markets can be distorted, but they hounce back. Banks are more fragile. It is the role banks play in the activities of hedge funds that presents the biggest worry, especially derivatives trading, which does not show up on their balance sheets. The concern is genuine, but banks are already monitored quite closely and must meet standards of capital adequacy. As financial institutions and publicly traded companies, they must exercise prudence in taking risks as well. An increase in regulatory surveillance of banks or large financial speculators may force them to conduct their husiness offshore, where it would be even harder to control.

While the lawmakers' efforts may be admirable, if only as a means of drawing attention to this high-stakes game, they should be happy with the safeguards already in place and resign themselves to a simple fact: People who are entrusted with large sums of money will sometimes do very dumh things with it. This is something Congress should be familiar with.

HILE COMMERCIAL real estate has only just horner pressed levels of the major-market recessions, many investors have been buying in earnest for some time.

Some professional investors even foresee bumper returns over the next few years on their faith that property prices will rise, va-cant space will dwindle, and rents will climb.

George Soros, the market guru who made headlines last week by telling the U.S. Congress's House Banking Committee that he favored "maximum supervision and minimum regulation" over hedge funds such as his \$11 billion Quantum Fund, apparently intends to profit from the possible trend.

He has launched two commercial realestate funds in the last year or so: The Quantum Realty Fund, a vehicle for invest-ing the United States and Canada, and The Quantum U.K. Realty Fund, for investing in

Each fund is run as a joint venture with a local property company: The Quantum Re-alty Fund with Reichmann International, the new venture of Paul Reichmann, former bead of the failed real estate giant Olympia & York Developments Ltd., and the Quantum U.K. Realty with British Land PLC. headed by John Ritblat.

In March 1993, when the Quantum Realty Fund was established, both Mr. Soros and Mr. Reichmann stated their belief that this was a good point in the real-estate cycle for investors to start buying commercial real

"We believe that now is a time of great opportunity to begin to assemble a prime portfolio of commercial real estate at advantageous prices," Mr. Soros said.

More technically, Mr. Reichmann explained: "The oversupply of first-der commercial real estate in many of the major commercial centers of North America has created a unique opportunity for long-term real estate investors. Our strategy for the fund will be to purchase assets with reasonable current rates of return and which promise significant appreciation over the long term as the real-estate market slowly recov-

Real Estate Investment

Residential property in Paris, London and Los Angeles International mortgage brokers

it bought \$634 million in foreclosed real estate and underperforming mortgage loans from Travelers Corp., the insurance compa-

But Mr. Soros may be just the best-known of many who think that low real-estate prices are a good opportunity now. Analysis say that legions of investors — some might say speculators — are searching for bargains in the United States, Britain and Continental Europe. The common belief is that although commercial real-estate prices have started to rise in many places, there are still plenty of

Gary Barth, managing director of Jones Lang Wootton U.S.A., a branch of the international real-estate company, said that "good" commercial property in the United States had fallen by about 30 percent since 1000 while "hed" records to the department of the state of 1989, while "bad" property had dropped as

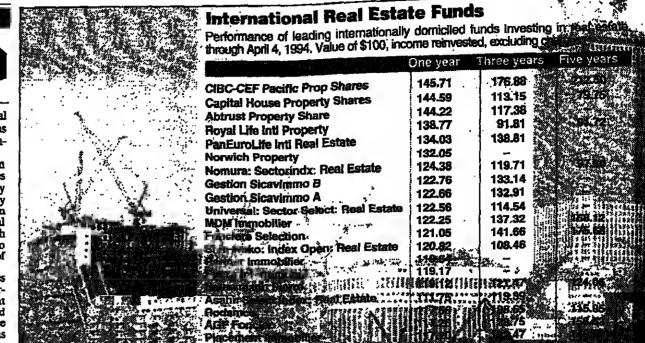
much as 70 percent.
"A good Manhattan office building can capture all of that 30 percent back over the next three to four years," said Mr. Barth. How far it goes beyond that depends on how long the recovery lasts."

RITAIN has experienced perhaps the strongest rebound so far, boosted largely by foreign buying follow-ing the exit of the pound from the European exchange-rate mechanism in Sep-

Since May 1993, the Richard Ellis Monthly Index - which measures the market value of offices, shops and warehouses in Britain — has climbed 20.1 percent.

In Continental Europe, however, prices are still falling in some countries. The Richard Ellis European Property Index, exclud-ing Britain, has fallen 3.2 percent in the last three months. This is all a result of what is sometimes

referred to as the "Hog Cycle." First, high rents induce investors to begin construction. But supply eventually begins to outstrip de-mand, causing rents to fall and capital values The Quantum Realty fund's first major to tumble. Finally, a period of relatively little acquisition took place last September, when construction ---- like that experienced by Europe, where property shares and the in-



many Western countries for the past several years - leads to undersupply and a rise in

.The problem for the private investor is bow to access this, In most countries, the most common property funds invest in property shares quoted on major exchanges. But shares have been rising everywhere in the West for some time in anticipation of an overall recovery in property values that has generally yet to happen.

Perhaps the most extreme example is the United States, where the NAREIT Equity Index has risen each year since 1991. This measures the performance of Real Estate Investment Trusts, or REITs, which both develop and invest in property, and can be bought either through a stock exchange or a mutual fund that invests in them, In contrast, the Russell NCREIF Property Index, which tracks the value of over 16,000 commercial and residential properties nationwide, has yet to show a gain this decade.

vestment funds that own them have shot up ahead of the physical property itself.

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Some analysts say that the best route into commercial property, now that shares bave already moved upward, is by way of an "open-ended" property fund. Such funds invest in property — bricks and mortar, rather than shares — and swell and shrink according to the market value of its holdings.
One example of the few open-ended property funds available is the Norwich Union

Property Trust. The fund has climbed 36.1 percent in pound terms in the first three months of this year, and such growth ought to continue, said Mike Grimble, a Norwich Union investment strategist. He estimated a total return of 10 percent to 15 percent annually through the end of 1997.

Investors in these funds must be nimble,

however. When property prices start to fall, investors often sell out faster than the fund can sell its underlying properties. This can lead to the fund having to suspend payouts. Such a situation occurred several years ago at Rodamco, once one of the world's largest open-ended property funds. In 1990, investors sold out in such large numbers that the managers, the Dutch pension group Robeco, stopped making payouts at net-asset value and turned the fund into a closed-end A similar scenario occurred this week

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when the ING Property Fund, which is sponsored by ING NV, the second-largest bank in the Netherlands, revealed that investors could only sell shares at net-asset value for another three months. After that, the open-ended fund will become closed-ended. Andre Mulder, an analyst at the brokerage Barclays de Zoete Wedd, said that the fund had had severe problems with property-development investments. He added that the fund's managers were faced with such a wave of selling that they had been forced to take

The Money Report is edited by Martin Baker

U.S. Real-Estate Investment Trusts Cash In on the Recovery

By Philip Crawford and Michael D. McNickle

age investor, a play thought by many to be reserved for only the truly wealthy. projections for the value of both commercial turned in a loss of nearly 3.8 percent.

and residential real estate has placed new focus on perhaps the best vehicle for small U.S. property market: The real-estate investment trust, or REIT.

"We're just coming out of a long reces-

raised about \$13 billion in nearly 60 initial public offerings.

In addition, the National Association of Real Estate Investment Trusts index, which ... NVESTING in property other than one's own home has traditionally been a somewhat rare activity for the average of the Standard & Poor's 500 index in 1993, gaining 19.65 percent compared with the S&P's 10.04 percent. This But the ongoing economic recovery in the year, through March 31, the NAREIT index United States along with healthy growth has gained 3.4 percent, while the S&P 500

Analysts say the strong showing by REITs has much to do with the overall U.S. recovinvestors seeking exposure to the overall ery, but also with a positive backlash in the

ment trust, or REIT.

"We're just coming out of a long recession, perhaps even a depression in real esings are any indication of market sentiment, then these securities may be poised for the strong growth that many analysts are pre-dicting.

Since the beginning of 1993, REITs have

more. The feeling in the market is that rents are rising, especially in the apartment sector, and that occupancy is increasing as well.

which will create a need for space. REITs and their shareholders should benefit from these trends."

OME ANALYSTS say that REITs hold the key to a largely untapped market. According to some esti-mates, as much as 30 percent of property in Europe and Asia is owned by shareholders, compared with only 1 percent in the United States. Some see the market capitalization of REITs, now about \$25 billion, rising to \$200 billion by the end of the decade on their confidence that more retail and institutional investors will discover REITs. One of the burdles to that goal, however, may be the relatively low profile of REITs compared to mainstream securities.

Generally speaking, REITs develop, buy and operate residential and commercial properties, such as apartment complexes and shopping centers. They derive most of their income from rent and mortgage payments. Like typical equities, shares in REITs are

traded on major stock exchanges.

But that is where many of the similarities end. By law, REITs must pay out 100 percent of their taxable net income to shareholders in the form of dividends. That is the way they were designed --- as "conduit"

securities --- when they came into being in 1960. It also is why they are known as a "yield-bearing" stock.

Moreover, compared with such instru-ments as certificates of deposit or one-year Treasury bills, REIT yields are looking fairly attractive. According to Alex. Brown & Sons, the average annual dividend yield for shares bought in a REIT on March 31 will be 6.93 percent.

against investing in young REITs.
"With the IPOs, individual investors frankly have no better hope than to have a very educated broker who has a highly edu-cated analyst who has either done the analy-sis himself or listened to an expert," said Brant Baber, a partner with Baber & Kalinowski, a law firm in Fairfax, Virginia, that specializes in real-estate finance and securi-

But with more established REITs, Mr. Baber said, "You can really look and get a feel based upon what they've done and how their stock has performed." He added, "Their past has often plotted the trajectory for their future."

Among such established REITs now highly recommended by a consensus of analysts

are Federal Realty Investment Trust, based in Maryland; Equity Residential Properties Trust, based in Chicago, and Merry Land & Investment Co., based in Florida.

Post Properties Inc. and JDN Realty Corp., both based in Atlanta, also are appearing on many analysts' "buy" lists. Adam Markman, an analyst for Green

Street Advisers, a Californía firm specializ-REIT industry had gone through several periods of growth and collapse in the past, today's REITs were safer.

"One of the most significant differences is that balance sheets now show very low levels of leverage, with debt typically at about 30 percent," he said. "That's a lot different than in the old days when things were primarily

debt-driven."
An old criticism of REITs has been that they are highly sensitive to rising interest rates. Such a concern might seem particularly relevant in today's interest-rate climate.

But Miss Creswell played down the interest-rate factor. "With the economy in recovery, REITs hope that higher rental incomes will offset the effects of higher costs of bor-

9.5% p.a. in U.S.\$ Paid quarterly

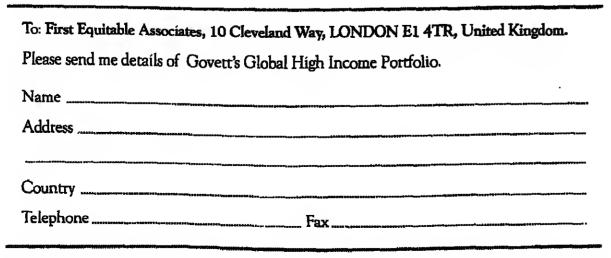


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--- 4th Qtr. 1992 ~

New York: Spring Brings Out the Buyers

By Judith Rehak

AKE THE real-estate broker's maxim, "Location, location, loca-tion." Add to that, "Bigger is better" and you have a snapshot of where the current action is in Manhattan's apartment market.

A elance at a recent survey of co-op apartment sales by the Real Estate Board of New York might lead you to conclude that the market is continuing the downward slide that started in 1988. The price per room of a Manhattan apartment fell 9.8 percent to \$77,465 last year, according to the study. But brokers who deal with the high end of the market say that is not a true picture.

There's still an oversupply of studios and one-bedroom apartments and they remain a drag overall," said Alan Rogers, managing director of Douglas Elliman, one of the city's largest residential realtors. "What we really have are stable prices, substantially increased volume of sales, and a slight increase in prices at the top end — three bedrooms and up in prime locations like Park Avenue and Central Park West."

After enduring one of coldest winters in years, the spring weather has brought out New Yorkers shopping for apartments. Mr. Rogers said that sales at his firm were up 43 percent so far this year, compared with a

year ago.

At Stribling Associates, an upper East
Side brokerage, 8-to-10-room apartments in
quality neighborhoods have been selling

ing on the market, said Elizabeth Stribing.

the company's president. There have even been some minor bidding wars.

"We had an owner who accepted a price of \$1,275,000," she said. "Then in 24 bours someone else offered \$1,285,000 and the

original bidder topped that by \$5,000."

EVERAL FACTORS are driving Manhattan's huxury market now: First, even though prices on the most sought-after apartments, those in prewar buildings with high ceilings and fireplaces, have risen anywhere from 3 percent to as much as 13.7 percent, they are still 20 percent to 25 percent off the 1988 peak.

Second, the realization that interest rates are moving up in the United States has spurred buyers who want to take advantage of lower mortgage rates. "Recently some of our clients have ob-

tained adjustable-rate mortgages at 5 percent, and fixed mortgages at around 8 percent," Mr. Rogers said. Lastly, sales of luxury apartments are tied closely to events on Wall Street. As any

realtor will tell you, last year's multimilliondollar bonuses are boosting sales. Meanwhile, sales of condominiums, some

15 percent of Manhattan's apartment inventory, soared 20.7 percent last year, according to a report by Yale Robbins Inc., which gathers real-estate data. The handful of luxury condos, such as those built by the tycoon Donald Trump, where a four-room apart-ment can sell for as much as \$2 million. remain a magnet for foreign buyers.

"All that changes are the nationalities," a broker said, "The Japanese came in, then the Italians. But now the Japanese aren't buying, the Italians have dropped ont, and the South Americans are back.

Prices for condos are 10 percent to 15 percent higher than co-op apartments, a premium buyers are clearly willing to pay to avoid the scrutiny of their finances and more stringent requirements of Manhattan's noto-riously fussy co-op boards, such as bans on subletting.

But despite the upturn in prices at the top echelons of the market, brokers say that for careful value-seekers, there are opportunities now in hard-hit sectors.

"There's tremendonsly good value in small townhouses," said Ms. Stribling. She said single-family townbouses "in the low East 90s" were selling for \$990,000 to \$1,350,000. "It's the equivalent of a 10-room co-op with a garden," she added.

Mr. Rogers said that his firm had seen some sales at about \$300,000 for two-bedroom apartments in the undistinguished "white-brick" buildings that dot the corners of New York's Upper East Side. "They get a bad rap, but in terms of room size they're quite good," he said.

Even the most pessimistic watchers of

New York's apartment market seem to agree that the five-year slump in prices is ending. "At the least, for the next year we'll be doing steady husiness," said Ms. Stribting. "It will go up a bit, but not too much. I don't want the market to be sky-high. If it gets crazy, it's bad for us, too."

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ers of the off applies

Apartment prices in francs per square meter by arrondissement

and percentage change over one year to Dec. 31, 1993.

By Philip Crawford

HE VALUE of residential propeny in Paris bas yet to recover from the powerful combination that staggered it at beginning of the decade. A severe market correction from the sky-high days of the 1980s followed by a recession that has kept many potential buyers 100 nervous to make a commitment despite much lower prices

Paris real-estate analysts say the market has at last hit rock-bottom. At the same time, however, few expect prices to shoot up again

The consensus is that values will stabilize at current levels for the next year or two, then turn slowly

Many experts say buyers may be looking at a sizable window of op-portunity, especially in the middle price range, where there is more to pick from than at the luxury end of

Negotiators who try to hammer out acceptable price terms among potential buyers and sellers add that there is a lot more activity in the market than a year ago. In realestate lingo, that means that more people are at least looking, if not

"It's difficult to pin on any one thing," said Frank Cluck, director of the international realty concern Century 21 France, referring to the general increase in market activity as well as to an upturn in "openings" — signed contracts between buyers and sellers — for properties handled by his company

"It's not anything to do with the overall economic picture in France, Unemployment is still high and people are still worried.
"But I think buyers feel that nei-

ther prices nor interest rates are going 10 go any lower, and they're saying to themselves, 'If we're ever going to do this, maybe now's the time.' That seems to be the psychology that's active."

According to the most recent estimates calculated by the Chambre des Notaires de Paris, which registers real-estate transactions and monitors prices, the cost of vacant apartment space in Paris fell about 6 percent in 1993, compared with a year earlier, to an average of 18,390

francs (\$3,150) per square meter The slide bore out analyst forecasts, which last year said that values would continue to fall at a rate less steep than the 11.2 percent

RICES SLUMPED last year in every district except the 1st, and some sections of the city were hit particularly hard. In the 4th arrondissement, which includes the picturesque Place des Vosges, the average cost per square meter fell 15.4 percent to 21,302 francs. Prices dropped 11 percent in the 7th, which remained the most expensive area of town; residential space there sells for an average of 27,116 francs per square meter.

In the 8th arrondissement, home to the "golden triangle" bounded by the Avenue des Champs-Elysees, Avenue Marceau and Avenue Montaigne, prices fell 15.7 percent

square meter. People don't want to be in the

keepers. It's not really a place to aren't out there. If they we bring up children anymore. People could do a lot more selling

fees levied upon each apartment in a building. They typically cover the costs of grounds and building maintenance, plus those of concierge services.

According to Century 21, which deals primarily in the vast middle price range of Paris apartments, there has been a clear pickup in that part of the market.

During the first quarter of 1993. for example, an average of 8g days elapsed before a Paris property that had been placed on the market with Century 21 found a buyer. In the first quarter of 1994, that time shrunk to 67 days.

Throughout France, there were 1,354 openings on properties handled in March by the agency, up 14 percent from the same month a year ago. A deal is not formally 'closed" until both parties register the formal transaction at the local Chambre des Notaires.

If the middle of the market is still in the dumps. A prime reason is the dearth of exceptional properties on the market, many would-be sellers are holding onto their properties in the hope that prices will eventually climb back to the inflated levels of the late 1980s.

time, the experts say. "A lot of people have decided

to an average of 25,983 francs per not to sell because they think prices will go back up to where they were," said Donelle Higher of 8th any more," said Jackie Marangos, a negotiator at Richard Ellis
SA, a Paris property consultant.
The said Dondale ringues to
wore, said Dondale ringues

are moving out."

Other analysis agree that the
Such "charges" refer to monthly
heady days of the late 1980s, which four-year period, are not likely to return. Much of the blame for that period's high price levels, which came crashing down by about 25 percent in 1991, has been placed on speculators who bought apartments with the sole intention of reselling them quickly at a profit.

Miss Marangos said that bringing buyer and seller together on a price for a high-end apartment was extremely difficult in today's climate. She spoke of one property she knew at the Place des Vosges which, despite the fact that it lacked a view of the square, had attracted a bid of 80,000 francs per

square meter — but still not quite enough for the seller. "The owners feel they can get 85,000 francs per square meter," she said. "So the parties are still a ways a part."

Miss Higher added that since French homeowners tend to believe in "bricks and mortar" as a longreviving, however, the luxury end is term investment and do not typically overextend on mortgages, they rarely find themselves in the position of having to sell. They can just sit and wait," she

Richard McGillycuddy, a negod levels of the late 1980s.

But they may be waiting a long a Paris firm specializing in upscale residential properties, said that there were lew choice listings on the market. Still, he predicted that sales would gradually pick up.

"There will be more sales over the next two years," he said. "Peo-ple will get bored of the recession. And with all the increased activity

London: Foreign Investors Are Piling In from the European exchange-rate mechanism in the fall of 1992. The deals with regarding property in through in 1993, it recently sold for the exclusive areas of Knights- £450,000. By Rupert Bruce

FTER SEVERAL grim years, the top end of the British residential property market is making a visorous comeback, with much of the recovery driven by buyers from the Continent, the United States, the Far East and even Russia.

Real-estate agents report sharply rising prices in the prime areas of London and in the suburban counties within striking distance of international airports.

Yolande Barnes, head of residential research at Savills, an upmarket real estate agency, said: "At the end of 1992 we saw a marked up-turn at the very top end of the London market. It started with very expensive houses and moved out from central areas of Belgravia and Mayfair to more peripheral ar-

That upturn spread in 1993, Property prices rose in the topscale London areas of Kensington and Cheisea, Holland Park, Notting Hill, St. John's Wood, Regents Park, Hampstead and the Docklands. Unusually, the increases fed quickly into the suburban counties surrounding London.

Miss Barnes predicts that the price surge has only just begnn. Savills is forecasting increases this year of 25 percent for prime central London property and 19 percent for top-notch property in Britain as

What brought the market back to life? Experts say the catalyst was Britain's withdrawal of the pound

20 percent drop in the value of the currency coupled with the plunge of 20 percent to 30 percent in property prices suddenly made apart-ments and bouses in Britain highly attractive to foreigners.
Savills' Prime Central London

Residential Property Index rose by 10.5 percent during 1993. The company's country house index for the suburban counties climbed 11.6

OTH INDEXES cover the top 10 percent by value of apartments and houses sold in each region. In such areas as the Dock-lands, this would include studio apartments that might sell for as little as £120,000 (\$180,000), in the most expensive London areas of Belgravia and Mayfair, on the other hand, houses might cost several million pounds.

This compares with last year's slim 1.2 percent rise in the Halifax building society's nationwide in-dex, which spans all echelons of the market. Most forecasts for the top end of the market also exceed the gentle recovery of about 5 percent predicted by the Halifax index for

But Savills' prediction of sharply higher prices this year may turn out to be excessive.

Stephen Pirrie, head of the West results of the first quarter, property price were more likely to climb by only about 12 percent this year.

the exclusive areas of Knights-bridge, Belgravia, St James's and Mayfair, 85 percent are from out-side Britain. Middle Eastern buyers have recently made a comeback, few expatriate Britons from Hong and Russian buyers have started to appear as well, he said.

For those international investors buying on a relatively short-term basis, Mr. Pirrie said that yields on rental property of 9 percent to 10 percent in 1993 had fallen to about 5 percent so far this year, But he noted that there was now a much greater chance of significant capital and communications. We are 40

appreciation on such properties minutes from London, and in the than there was a few years ago. According to Miss Barnes, one of the surprising features of this country house department at recovery has been the swiftness with which the prices of country bouses have tracked those in central London. In the past, price in- pay up to about £300,000 for choice creases drifted only slowly outward from London's prime areas.

rom London's prime areas.

Again, interest from international buyers has been the key. About 11 percent of sales at Saville' Sevenas high as £1.5 million. oaks office in Kent came from overseas investors in 1993. The such buyers tended to want houses nearby Guildford office in Surrey within short distances of internaalso saw strong overseas buying.
Richard Smith, an associate di-

rector of Savills in Sevenoaks, said mind sought property no more interest in beamed farmhouses in than an hour's drive from Gatwick the £300,000-to-£500,000 price range was so strong that good End office of Hamptons, the real-estate agent, said that based on the toward the end of 1993, So far this toward the end of 1993, So far this year, such properties have sold soon after they hit the market.

NOW AVAILABLE FOR

Large country houses in this area that were selling for about £500,000 While the sale of one 16th-centulast year might sell for £600,000 in He said that of the buyers he ry five bedroom farmhouse fell 1994, he added.

ers were from Greece, France and

the United States, there also were a

The attractions of the area in-

"We are in an area that is very

popular for education," he said. "It

has very good local grammar and

public schools for boys and girls.

We have got a mixture of country

Colin Mackenzie, head of the

Hamptons, said he was being ap-

proached not only by Hong Kong expatriates, who were willing to

property, but by foreign business

Mr. Mackenzie also stressed that

tional airports. He said that those

buyers with a European base in

or Heathrow airports, while those

seeking to offer corporate hospital-ity tended to look for something

within a half-hour of the airports.

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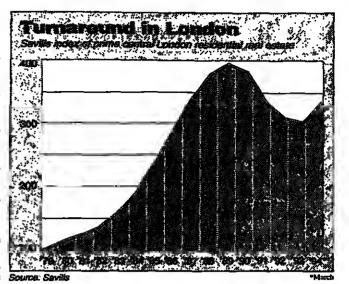
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cluded its proximity to London and

various amenities, he said.

Kong.



overall economic picture in France. "Rents are high, charges are high. The market may have hit bottom, in the market, the recurse nothing's really changed, and there are fewer and fewer shop-but the really good products just just sort of stop itself." Los Angeles: Riding the Quake to Revival

By Conrad de Aenlle

FTER ASSESSING the destruction that the January earthquake unleashed on Los Angeles, property owners' thoughts turned to another potential source of damage: jittery neighbors fleeing the region and pushing already depressed home values even lower. The knee-jerk departure of some residents

of the San Fernando Valley, the buge Los Angeles suburb where the quake was centered, did give the real-estate market a joit, but the prevailing view is that run the disaster may in fact jump start the region's longsuffering economy. "The initial impact of the quake was a

dampening of property values in the affected areas, and there still will be a residual impact because of a fear of more quakes," said Lynn, Reaser, chief economist at First Interstate Bank. "But there has been an infusion of \$16 hillion in private and public insurance funds into the L.A. basin. As a result, the construction industry has seen some revival and that sector of the economy is doing better."

Allen Parker, who manages the United Services Real Estate Fund, which is partly invested in home-building companies that do much of their business in the region, called the quake "a mixed bag." In spite of the loss of life and property, he

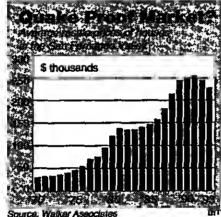
said that "the net result of all that earthquake damage is a positive for the economy of Southern California."

"A lot of money will be spent there, a lot of jobs will be created," be added. "Homeowners seem to be doing well." Money spent, jobs created, homeowners

doing well. It has been a long time since those things happened in Los Angeles.

The last recession occurred right around the time of the great dismantling of the defense industry, one of Southern Califor-nia's largest employers. As a result, the downturn was far more crippling there than

in most of the nation. Unemployment during the recession was much higher than the national average and still is, at about 9 percent. That forced many Los Angeles residents to leave, which, in turn, caused a sharp drop in home prices.



The median price of single-family homes sold in March in the San Fernando Valley was \$182,000, according to the San Fernan-do Valley Association of Relators. That was 10.3 percent less than a year ear percent below the 1989 peak.

But the worst may be over. Alice McCain, the association's president, said business was picking up in the area, even if prices were

There are lots of buyers out there," she said. "There has been a shortage of proper-ties, partly due to the quake, partly because

HE 1,157 properties that went into escrow in March mark the best month since 1989, Ms. McCain said. Many of the buyers are moving into their first homes, a trend in force for about a year. Others were left homeless by the earthquake and are taking advantage of a federal program allowing them to buy a home with no down payment.

While Ms. Mccain conceded that prices had not yet risen, "when you have multiple bids on properties, as we have seen, prices

stabilize and start to go up."

She noted that it was the lower-priced homes, those under \$200,000, that were attracting competing bids.

One recent buyer is Patty Morrisson Waggoner, who just after the quake paid \$600,000 for a large home in Encino, an upscale San Fernando Valley community.

"I paid 20 percent less than I thought I could get a bouse in this area for," said Mrs. Waggoner. At the height of the property market a few years ago, she said, homes like hers could not be found for less than

"The market has been so bad for so long it has probably hit rock-bottom," she said.
"We're just betting on the come, boping the market will get better in a few years."

With ber new home, she's going doubleor-nothing. She still owns another house in the San Fernando Valley that she has decided to lease out rather than sell. She said she expected to hang onto in for two more years in the hopes that the market would improve and push its value up 20 percent.

Mrs. Waggoner said she did not expect the carthquake to hurt her chances. She also cited reports that about one-third of the people driven east by the disaster now wish they had stayed.

But a sustained recovery in Southern Cali-

formia housing depends on a prolonged improvement in the region's economy, forecasters say. In this regard, Mr. Parker said the worst was probably over, even if the best is nowhere in sight.

Still, one factor that has given the market a lift is the drastic reduction in mortgage rates over the last couple of years. At the same time, rents have increased while home prices have fallen, making it more prudent to buy than to rent. Since last fall, bowever, rates have shot

higher, a circumstance that Mr. Parker bebeves cannot help the market, although he said he had heard a couple of scenarios, which he considers not very plausible, under which higher rates might provide a lift to the market.

One of those holds that there will be "a rush to buy homes and lock in rates at current levels, in which case we're robbing sales from the future."

The other, he said, takes note of the fact that "people are basically worried about stocks and bonds." The theory goes that with the value of financial assets deteriorating, some will be inclined to buy property as a way of keeping their money in something

the more you pay.

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In Europe, Mortgage Brokers Can Guide

By Aline Sullivan

OR INDIVIDUALS seeking to buy a bome abroad, good faith can prove a scarce commodity. In many European countries, the services of a mortgage broker familiar with local laws and customs can be a good investment. Mortgage brokers help a pro-

spective buyer secure a loan through one of their lending contacts. The more established firms have contacts with a number of banks and lending establishments, enabling them to shop around for competitive rates. In return for this service they charge a fee, usually 1 percent of the mortgage value.

Brokers can help buyers navigate around legal and fiscal reefs. Widely different laws and customs can make negotiating a property pur-chase abroad daunting for even the most sophisticated investors. "Property prices tend to rise sud-

dealy when prospective buyers with foreign accents appear," said Simon Tyler, managing director of Chase de Vere, the London-based mortgage and insurance brokers. "It is important to get local help."

In some countries, such as France and Italy, the services of a notary to dispensable. Taxation issues can also be a mine field. The currency of the mortgage is another issue: Some foreign buyers may he better off with a mortgage denominated in their own currency, rather than the local one. Mortgage brokers can advise clients on such issues.

But there are some important caveats. Brokers who claim expertise in house buying in countries where they do not have a presence should

be regarded with suspicion. Would-port a surge of interest from Rus-be buyers are usually better off sian buyers in recent years. Small banks. These banks commonseeking local advice.

Mr. Tyler's clients include British citizens based offshore who want to buy property in Britain and foreigners investing in the British commercial or residential property markets. What they have in common is a need for a large mortgage; clients at Chase de Vere average mortgages of £140,000 (\$210,000). Nick Sutton, a financial adviser

at RFCL Ltd., a subsidiary of the London-based insurance broker Fraser Group, also arranges mortgages for individuals who want to buy residential and commercial property in Britain but live in other countries. Many recent clients have been Hong Kong residents. The mortgage market is very

limited for these people," said Mr. Sutton. "There might only be one or two British banks with offices in their area. We can access the whole lending market here and give them a much wider choice."

Simon Checkley, director of John Charcol Independent Mortgage and Financial Advisers in London, sees a lot of U.S. clients who are relocaling to Britain and need help in arranging their mortgages.
The terms available from lend-

institutions vary enormously," Mr. Checkley said. "Also, there are important tax considerations. It is often in the interest of Americans to borrow as much as possible. Many U.K. lending institutions would not understand that." Buyers from the former communist countries of Central and East-

ern Europe also can benefit from

the services of brokers. Brokers and

real-estate agents in the more afflu-

ent parts of London and Paris re-

sian buyers in recent years.

Brokers are best established in

Britain, Scandinavia and in the resort areas of Spain and Portugal. In many other countries, foreign buyers are better off approaching the local branch of their home bank or a bank with a correspondent relationship If all else fails, they can try their luck with a local bank. A spokesman for Allied Irish Bank in Dublin said the bank does

not take referrals from brokers. Foreign buyers simply apply for loans at the relevant branch of AIB. "We probably wouldn't give them a 90 percent loan," he said, but many foreigners are able to

secure an 80 percent mortgage."
In Switzerland, foreigners often "THE COMING

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NEW AGENDA

ATHENS CAN LEAD WAY TO EXPANDING EUROPE

Greece's economic and foreign-policy problems are not going to obstruct its responsible meeting that decided to give leadership of European affairs, including efforts to expand the European Union, says Yannos Papantoniou, the alternate minister of national economy, who recently chaired a meeting in Brussels of European finance

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he positive Greek attitude to Europe became obvious during the first three months of Greece's role as president of the Union. Although Greece does not agree with the overall EU position, it voted for measures to be taken against Bosnian Serbs if they continued to bomb Sarajevo. Greece took the same position at the NATO

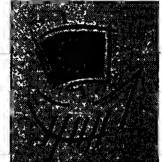
the Serbs an ultimatum. On both occasions, Greek representatives voiced doubts as to the effectiveness of the measures pro-posed and said Greece would not participate in any military action or allow the use of Greek bases that are shared by NATO forces. Nevertheless, Greece did not use its veto.

The Greek internal opposition was quick to accuse the governing Socialists of violating their principles and letting down Greece's closest traditional friends, the Serbs. Prime Minister Andreas Papandreou, how-ever, defended his position, claiming that Greece was putting European solidarity above national interests.

Greece was disappointed that within days of the European Union and NATO meetings, the United States proceeded to recognize the former Yugoslav Republic of Macedonia, without waiting for Skopje to open a dialogue with Greece to settle ministers.

Greek symbols in its flag and articles in its constitution that Greece considered a threat to the territorial integrity of Greece.

Faced with accusations by the opposition of leading the country into a fiasco, the government declared an embargo against the former Yugoslav republic, which depends on the Greek port of Salonika for its imports.



Greece is serving as the president of the European Union until the end of June.

The European Commission alleged the move was violating EU principles and referred Greece to the European Court. Greece was to be indicted unless it lifted the embargo before April 22, the date set for the first official visit of Mr.
Papandreou to Washington
for talks with U.S. President Bill Clinton,

During Greece's tenure as president of the Union, negotiations have resulted in the probable acceptance in the near future of the differences about the name entry of Austria, Norway, of the new state, the use of Sweden and Finland.

Greeks favor this expansion and are looking forward to the entry of East European countries to the Union.

We see the expansion of the Union with very positive eyes," says Mr. Papantoniou. "The more it expands, the larger its weight on the international horizon. Since the United States is now the only superpower, the creation of a balancing force is absolutely necessary." There are historical reasons for Greece to favor the association of former Faster blor countries. "Our Balkan neighbors and other countries of the former Eastern bloc constituted once upon a time the hinterland of northern Greek ports like Salonika and Kavala," says Nikos Efthymiadis, presi-dent of the Association of Northern Greek Industries.

Throughout the Roman, Byzantine and Ottoman empires, caravans from Salonika carried goods to Scrbia, Bulgaria, Romania, Austria and Ukraine. "At present, a chartered plane flies in daily from Tbilisi, Georgia to Salonika with a load of passengers who shop in Salonika," says Mr. Efthymiadis. Recently, representatives

of 24 Greek companies from the area of Salonika flew to Georgia, where they signed commercial agreements worth \$15 million. The agreements call for exports such as olive oil, food and machinery. One company signed an agree-

ment for the establishment of a chocolate plant in Georgia, and another for the opening of a supermarket. A printer signed a contract for the production of a magazine and books for a Georgian publisher.

"We found a country that is trying desperately and at a great cost to find its way to a free-market economy," says Christos Folias, president of the Commerce Association of Salonika. They need almost everything, especially know-how and raw materials. They are ready to discuss any kind of joint venture.

Albania, the poorest northern neighbor, with whom there has recently been considerable border tension, has become so dependent on Greece that the Greek drachma has become the main instrument of exchange. Over 200,000 Albanian immigrants, many illegal, work in Greece and send money home. Several Creek food and beverage firms have established net-

In Bulgaria and Romania, Greek investors are doing a thriving business, "Over 1,000 companies are now operating joint ventures with Bulgarian firms" says Mr. Efthymiadis.

works in Albania.

"Basic sectors expanding to the north, mainly in Bulgaria and Romania, are food and beverage indus-tries, textiles and banking. Credit Bank has established a branch in Bucharest, and Egnatia Bank and the Bank



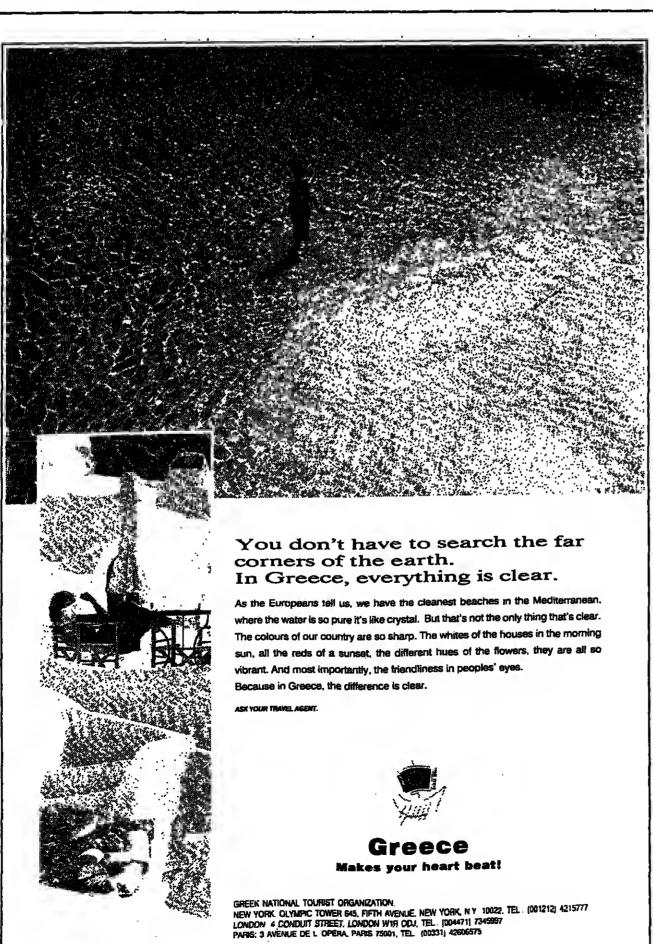
about to open hranches in Sofia," says Mr. Efthymiadis. "Business and economic cooperation is the best way to secure peace and security in the Balkans"

Greeks have a long tradition of doing business with countries to the north, includ-

of Macedonia and Thrace are ing Ukraine, Georgia, Azerbaijan and Armenia. This also explains the existence of large Greek communities in these countries.

"For thousands of years, even during the Ottoman occupation, Salonika has never stopped heing the metropolis of Balkan husi-

ness," says Mr. Efthymiadis, "Now all facts point toward the restoration of the city's old position. Greece, and especially northern Greece, is the right platform for expanding to the east. And business expansion is the forerunner of political expan-John Rigos



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PROJECTS THAT POINT WAY TO GROWTH

CHEBEL

hirteen large phone system was noted for most services, governments most of which has heen public-works reaching wrong numbers, -not only businesses - must spent on the extension and public-works reaching wrong numbers, projects aim to letters took more than a modernize week to go from one part of Greece's antiquated infra- Athens to another, parcels structure, providing at the same time an impetus for new jobs and for investment-led growth. By the end of the century, Greece could have a telecommunications and transportation network on a par with those of its Eu-

ropean Union partners. For more than 10 years, Greece neglected its infrastructure. During the same period, other European and Asian countries invested large sums in transportation and telecommunications networks. With the new era of tele-information dawning, Greece found itself at a dis-

were more often lost than not, railways were practical-

Socialist promise on major investment

ly nonexistent, bank branches stayed in touch with their head offices by telephone and the information revolution was nearly unheard of in the country.

By the end of the 1980s, the major political parties started to realize the simple truth that in today's integrated world, where companies

compete with each other. In the 1980s, foreign capital stayed away from Greece because the necessary services were not available there. They were available, however, in countries like Turkey, Spain, Portugal, Ire-land and Italy. A decision was made to correct the situation, and a monumental effort has been under way since then - officially supported by all parties.

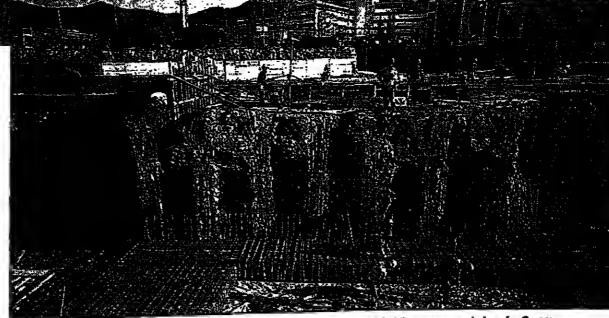
In the last three years, more than 500 billion drach-mas (\$2 billion) bave been spent by the Ministry of Public Works on the improvement of roads and ports, supplemented by an-other 50 billion drachmas advantage: roads were badly locate production facilities from the Ministry of Transin need of repair, its telein the country that offers the port and Communications,

spent on the extension and modernization of the phone service. Mobile telephony has entered Greek life: following a successful international competition, two consortia led by a British and an Italian company are blanketing the country with their networks and providing Greek businesses with much-needed and efficient

proved, ports expanded and to finance airport improve-ments. Coastal shipping has been thrown open to competition, leading to a dramatic improvement in the number

services.

National highways have been extended and imdock facilities upgraded. A special fund has been set up and quality of ships plying rowing requirements conthe Aegean and Ionian Seas.



Construction of the Athens subway leads the vast intrastructure development that the government plans for Greeca.

Greece's rulers realized that it was difficult to make up for lost time and that a special effort had to be made. At the same time, a deep fiscal crisis meant expenditure had to be curtailed and the public sector's bor-

The previous conservative government, led by the New Democracy Party, had decided to draw up plans for the implementation of several buge investment projects, designed not only to modernize the country's infra-structure but also to provide an impetus for growth, development and employment. Chief among these was the Athens subway (in the planning stages for more than 20 years), the new airport at Spata near Athens, the Rio-Antirio Bridge (to link west-ern Greece with the northern Pelopennisos), the Aheloos River Dam and the new pipeline to provide Athens with fresh water.

Given the country's dire fiscal position, these projects were to be largely financed with European Union funds, mainly from the Delors II

Package.

Before losing the October
1993 general elections, the conservatives had managed to start building the Athens subway, draw up plans for the Aheloos Dam and choose a mainly German consortium, led by Hochtief, to build and operate the new. international airport at Spata. When the elections brought the Socialists to power, most plans were put on hold pending a review by

the new administration. The government of Andreas Papandreou has indicated its willingness to proceed with all major investment projects that will improve the country's infra-

Thirteen such projects have theoretically been put on the front burner, but for

the moment, the only one showing some practical. progress is the Rio-Antirio Bridge. The total cost of these projects is estimated at 2 trillion drachmas, and it is hoped that all will be completed by the end of the cen-Anthony Kefalas tury.

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KARAMANLIS, SENIOR STATE LEADER OF EUROPE

onstantine Karamanlis, president of Greece, has been compared to Pericles, the ancient Greek statesman, but Pericles was a bit of a demagogue and Constantine Karamanlis, now aged 87, is anything but

Others have seen him as a new Eleutherios Venizelos, the man who began Greece's modern history. But Venizelos was a revolutionary and took risks, while Mr. Karamanlis walks only on solid ground. This is why, for most of his fellow-Greeks, Mr. Karamanlis is unique and incomparable.

One of the youngest politicians ever to serve Greece as prime minister, Mr. Karamanlis was a successful member of the government of Marshal Alexandros Papagos when King Paul picked him as the successor of the old soldier, who died in 1955. Twenty years later, Mr. Karamanlis held the referendum that put an end to the monarchy in

"For Karamanlis, there is no ideology or obligation to others. His supreme law is the interests of the country as he sees them - and this is usually a clear view," the late Constantine Tsatsos, Greece's first post-monar-chy president and a close as-sociate of Mr. Karamanlis,

Mr. Karamanlis was born on March 8, 1907 in Proti, a village in Macedonia, then a province of the Ottoman Empire. After studying law at Athens University, he en-tered Parliament in 1935, at the age of 28, as a deputy from the area of Serres in Macedonia.

He took the premiership

the National Radical Party (ERE).

In more than 56 years in politics, he has held most of the important ministries in various cabinets, was premier for 14 years and was twice elected to the presidency of the republic.
In 1974, after the fall of

the military dictatorship in Greece, Mr. Karamanlis was received as a messiah when he returned to the country. He set up a party called New Democracy and restored people's trust in democratic institutions.

He will go down in history for putting an end to the monarchy through a free referendum and managing to persuade other European leaders to accept Greece as the tenth member of the European Economic Community in January 1981.

According to many ob-20 years later as leader of servers. Greece was not

ready economically to take the plunge, but Mr. Kara-manlis stressed the political reasoning. He was seeking stability and security for Greece, a country at the crossroads of East and West. In 1980, be resigned as

prime minister and party leader and was elected presi-dent of the republic for a period of five years. Two months before the end of his tenure, on March 10, 1985, he resigned from the presidency. He was re-elected five years later, in March 1990, for a second five-year

In recognition of his struggles for the European idea, he was honored with the golden medal of the European Parliament, and he has received the Charlemagne, Schuman and Onassis awards.

The Greek president is today the senior state leader in

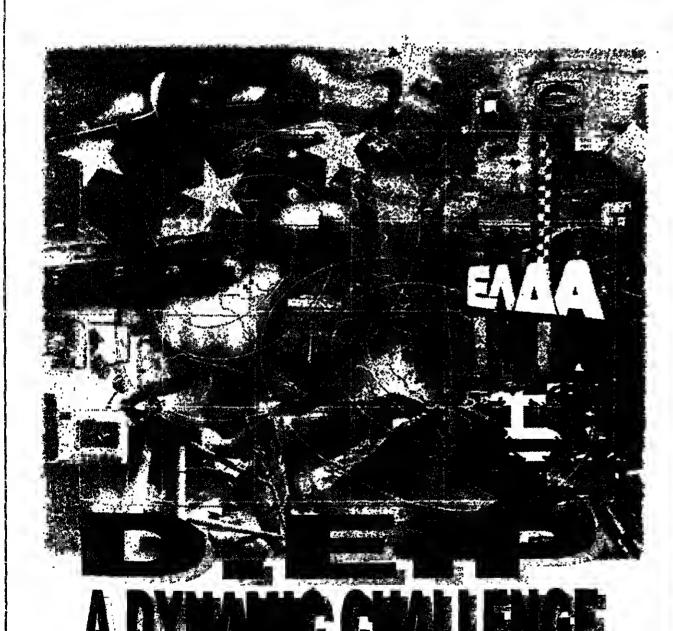


President Constantine Kara-

Europe. He bas been described as the "Nestor" of European statesmen. And like the aged leader of the Greeks who besieged Troy 3,000 years ago, he is a rich source of sound advice. Like Nestor, he is not always listened to. J.R.



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presence of our nation! Greek history is a unique compass which has steadfastly directed our people towards the values and the symbols that nurture their sense of national identity. This history has fostered and magnified the responsibilities of each successive generation of Greeks, who have offered works, struggles, sacrifices, and blood to the tree of Hellenlsm. This has been the seed which made the Greeks great and created that splendid universal civilisation that Illuminated the whole word. To our own generation has fallen the honour of defending the name, the symbols, the history, and the culture of Macedonia, fundamental elements of the Greek identity. Today's rally, magnificent and mighty, affirms the message that Macedonia is the Greek's precious talisman; that Macedonla is flesh of Greece's flesh; that Macedonia is the soul of our Nation's soul. Name, culture, history, and symbols together form a unifled, indivisible, and non-negotiable whole. Let the political leaders and the government hear our message. Like an immovable rock, a vigilant sentinel, we maintain the struggle.

Let our European partners, the USA, and other countries also hear our message. Let them stop turning a blind eye to historical deceit, for they owe it to their 'distant mother as the poet says, they owe it to

Greece, the illuminator of the world. Lastly, let Skopje's leaders hear our message, and give up their stubborn and fraudulent bolstering of the national identity. Their obstinacy is manifested both in their high-handed appropriation of the name 'Macedonia' and of Greek symbols and in the fact that their constitution enshrines supposedly 'irridentist' principles which can only prove detrimental to Greece and jeopardise the smooth co-operation and peaceful of the Balkan peoples.

"I speak to all of you here today, the living I am in a position to assure you that the Aristotle University of Thessaloniki, the largest institution of learning not only in Greece but in the whole of the Balkans, and one of the most important in Europe, is well aware of its responsibilities towards the future generations who will continue the march of the Nation's history. The University is taking active steps to reestablish the historical truth with actions and initiatives that are strengthened by its

> Coincidences can be very symbolic sometimes. It is precisely two years ago today that Professor Manolis Andronikos left us, a member of our University whose name will eternally be linked with the history of Macedonia and the sun of Vergina. At times like this, he is with us, fighting at our side.

> The University community forms a solid front with the peace-loving Greek people and their political leaders and cannot accept without protest the constant insuits to our national consciousness and the continuity of history.

The Senate of the Aristotle University of Thessaloniki calls upon the international academic community to do its utmost to find a just solution to this problem. The solution must rise above circumstantial diplomatic expediencies and guarantee steadfast national, political, and cultural principles and values. Only a just solution will make this a region of peace, frienship. and co-operation for the Balkan nations. Our University, in complete unanimity with the Greek people, has demonstrated its commitment to such principles by deeds and actions.

Through my presence here today, the Aristotle University, the University of Macedonia, and all the Universities of Greece salute with zeal and pride this magnificent gathering – for Macedonia – for Greece – for the soul of Hellenism!"

*Address given by Mr. Anthony Trakateli, Dean of the Aristotle University of Thessaloniki on March 31, 1994 during the public rally held in Salonika.

SEA STORY: A SAGA OF GOLDEN FLEECE AND GOLDEN FLEETS



noans from Crete and Santorini sailed to North Africa for trade and conquest? In any case, it must have been over 1,000 years before they sailed to Troy in 1100 B.C. to reclaim the beautiful He-

George Katsifaras, minister of the merchant marine, is not interested in going so

More training is planned for sailors

and the second

TO MULLIN

and the second little

Service of the

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far back to show the importance ships have played in the history of his country. He says: "Without our shipping, we would not have been able to free our country during the War of Indepen-dence, 170 years ago. Actually, our merchant marine played an important role in every major conflict our

country was involved in." He is quick to point out the sacrifices suffered by Greek sailors during World War I and World War II. "In World War I, we lost 68 percent of our merchant fleet." he says. "Out of 475 ships in 1915, we were left with 205 at the end of the war."

During World War II, Greece lost 72 percent of its merchaot fleet, with 565 ships sunk, 2.700 sailors killed and more than 3,000 injured. According to Vassilis Maros, who recently completed a documentary on Greek shipping during

did World War II, Greece lost more tonnage at that time than during the whole of its

4,000-year shipping history. Greek shipping was reorganized after World War II, thanks to the sale of 100 Liberty ships from the United States. Under the leader-ship of men like Stavros Niarchos and the late Aristotle Onassis, Greek shipowners gained a dominant place in world shipping. With \$\frac{1}{2}\$ 1,093 ships totaling \$\frac{1}{2}\$ 51,503,84t tons dead be weight, Greek-registered \$\frac{1}{2}\$ shipping holds the third \$\frac{1}{2}\$ place in the world, after Panama and Liberia, "We have g percent of world shipping and 45 percent of European Union shipping," says Mr. Katsifaras. If the tonnage of Greek-owned ships under foreign registry is added, Greek shipping is first in the world, with 2,831 ships of over 120 million

Shipping contributes 5 percent of the gross national product, bringing into the



George Katsifaras, minister of

country over \$2 billioo in foreign exchange and em-ploying over 50,000 sailors. half of them in Greek-registered ships.

Mr. Katsifaras admits that Greek shipping has person-nel problems. "We do not get many sailors and there- credit and financial assis-



Shipping contributes 5 percent of Greece's gross national product.

fore our ships have to turn to third countries for part of their crews," he says. "Greek legislation allows 40 percent of each crew to be foreigners."

Greece has signed agreements with some Asian tional monetary and trade countries, including Ban-gladesh, the Philippines and Sri Lnnka. They provide mostly deck hands, while Greece provides officers.

"Let's face it, work at sea is considered hard, despite the comforts of modern ships," says the minister. We are trying to make it more attractive. We must bring our young men back to the sea, and we are in the process of reforming education for crews and officers. We are also aiming at attracting European as well as Greek crew members." Since Greek shipping is

occupied in world transport, Greek shipping companies are organized on an international basis and financed through international banking institutions, "We were not geared toward extending

tance to our shipping indus-try," says Mr. Katsifaras. "We are actually opposed to such financing."
By depending on foreign

financing, Greek shipping has suffered from internacrises. Greek shipping interests were also burt by the protectionism other countries extended to their own shipping industries.
That's why we support

free competition in world transport, and we also have adopted within the framework of the International Maritime Organization a number of agreements dealing with shipping security and environmental protection," Mr. Katsifaras says.

The only protectionism offered to Greek shipping is that extended to cruise ships and passenger ships that connect local ports. Protectionist measures for Greek cruise ships will end in 1998 and for all passenger ships Gerasimos Strintzis, presi-

dent of Strintzis Lines, one of the leading passenger-

and cruise-ship companies. welcomes the end of this protectionism. "We should not restrict the entrance of European companies," he says. We have taken advantage of existing European regulations, and we have our own shipping companies in Ireland and in Italy. Our newest ship will sail in Italy under the Italian registry.

During its current presidency of the European Union, Greece is trying to promote a number of resolutions aiming at better maritime security and environmental protection.

Among these, according to Mr. Katsifaras, are joint regulations for the inspection of shipping, training standards for sailors and lower dues for tankers that have higher environmentalprotection standards. Mr. Katsifaras says his

country is in complete agreement with the European Union position, which called for the liberalization of international sea transport during the Uniquay round of

THE BIG NEWS: GREECE Is in the Soccer Finals

Greece is in the mood for celebration - the Greek soccer team has made it to the finals of the World Cup, starting in June in the United States.

Soccer is Greece's national sport, but in international competitions Greeks have had a hard time. This will be its first World Cup finals.

It was not until 25 years ago that Greeks began playing on green turf. Until then, their fields were of smooth, hard soil. Experts believe that the improvement of Greek soccer is due not only to the development of proper fields but also to the introduction of professionalism and the attraction of international aces, mostly from South America, the former Yugoslavia, Bulgaria and Al-Some experts believe

that apart from the improvement of standards, Greece was favored by luck. The country was drawn for the preliminaries in a group consisting of the Soviet Union, Yugoslavia, Hungary, Lux-embourg and Iceland, but Yugoslavia was disqualified after the dissolution of its federation, and the Soviet Union team became the Russian team, thus losing some of its best Ukrainian players.

Greece finished first, with six victories, two ties, no defeats and a 10-2 goal

Greece had a brilliant coach, the oaturalized American Altekas Panaghoulias, a 60-year-old veteran player who also has a Masters in Interna-



Modern hero Tassos Mitropoulos, captain of the Greek team.

tional Relations from an American university. He vored by the environ-coached the Greek nation-ment," says Mr. coached the Greek national team in the 1980s, when it made the finals of the European Cup, and was also successful as coach of the American team in 1983, 1984 and 1986. Mr. Panaghoulias be-

lieves that his team can make it through the first round of the finals and join the 16 qualifiers in the second round. His players appear equally determined. partly because if this hap-peos, they will share a boous of \$1 millioo. An additional \$1 million will he made available for them for every new round

they enter.

"Our players will be fa-Panaghoulias, who points out that first-round matches will be played in Boston and Chicago, where there are large Greek-American communities. "Crowd support will mean a great

eot

deal to my men," he says. Greece has been drawn in group "D" and will be playing against Argentina in Boston on June 21, Bulgaria in Chicago on June 26 and against Nigeria in Boston on June 30.

"We are a good team," says Tassos Mitropoulos. the Greek captain. "With a little bit of luck, you never know."



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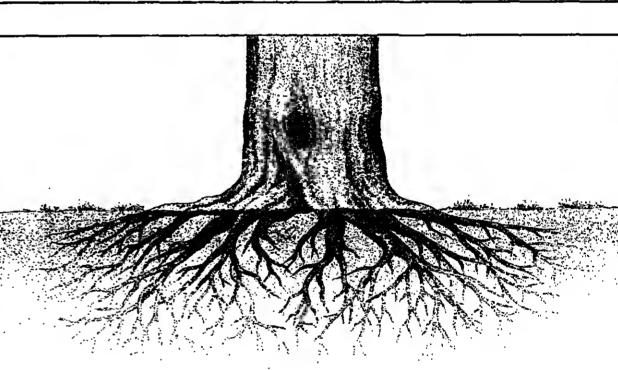
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Tourists on their way by blice and ferry to the Greek Islands wait at the port of Piraeus.

SUN MANAGEMENT: TOURISM INDUSTRY HELPS 10 MILLION CATCH A FEW RAYS

hings are begin-ning to look up for Greek tourism. The number of visitors rose last year to 10.2 million, about the same as the country's population.

The initiation of infrastructural improvements, the gradual recovery from the European recession and the misfortunes of such sunny competitors as the former Yugoslavia and parts of North Africa promise a further upturn as Greece aims to become "the Florida of

SETE, the country's first tourism lobby, formed two years ago and made up of 230 of the most influential companies in Greece, is call-

ing on the government to push for adoption by the European Union of a series of incentives to promote holiday travel from the northern. to the southern countries and of disincentives to discourage Europeans from vacationing outside the Union.

To attract older tourists with money to spend and to ensure that visitors return. Greece must provide the kind of infrastructure those people expect. Various projects are now under way to accomplish this.

In addition to a planned new international airport in Athens that will be able to bandle 50 million passengers a year and what is to be the best underground rail-



Baking in the sun on the Greek island of Mikonos.

way system in Europe, existing airports are now being improved and Greek entry ports from Italy expanded with faster ferryboats, which will cut 12 hours off the trip from Ancona (Italy) to Patras (Greece).

Tourism Minister Dio-

nysos Livanos foresees radical changes in the Greek National Tourist Organization. which has been criticized for its lack of direction and for recent advertising campaigns.
Mr. Livanos has proposed

the establishment of a Tourist Bank that would manage the huge amount of property owned by the tourist organization, valued at 3 trillion drachmas (\$12 billion).

In addition to privatizing the country's casinos and yacht marinas, Mr. Livanos will claim \$500 million from the Delors II European Union regional aid package, of which \$110 million will be devoted to hotel modernization. Last year, a new law was passed that sets tougher standards for botels and pensions, with stiff fines for those in violation.

In an attempt to keep up with technological trends in tourism, a Greek travel conglomerate, the Danae group, working with a team from Athens University, has come up with a computerized na-tional tourist information system called Nadis, which will allow access at the

touch of a few computer keys to such things as a list of available hotel rooms on a remote island, ferry schedules, museum opening times and lists of cultural events.

"It will be the first time the entire industry cooperates on a national project for the common good," the president of Danae, Lefteris Theofanopoulos, said at a recent press conference.

The Greek travel industry. already has considerable advantages: The sun sbines some 300 days a year in brilliant blue skies, and tourists are offered 2,000 islands and 13,000 kilometers of jagged coastline, ideal for sailing, with the greatest number of clean beaches in Europe.

For skiers and climbers. spectacular mountains - the country's least-spoiled treasure - are everywhere. Greece has been blessed. with over 6,000 species of wildflowers, many of which are found nowhere else in the world.

While the influx of tonhistig has taken some toll, little searching is needed to find a way of life that charms visitors.

Pat Hamilton

IN ADDITION TO RETSINA, GREECE OFFERS FINE WINES

The Greek wine industry, best known for its pine-flavored retsina, is now penetrating the market for quality red and white wine.

Despite the fact that Greece was probably the first country in the world, some 4,000 years ago, to produce wine on an organized basis, the modern Greek wine industry is barely 20 years old. In the past few decades, Greek

wineries have been modernized and technologically equipped. and a new generation of young Greek chemists and enologists bave returned from studies in France, Germany, Italy and California, eager to apply their skills. Consumer tastes have also been changing, with a move away from the barrel table wines, which used to be the only offer-

According to the wine specialist at the Hellenic Export Promotion Organization. Yorgos Papapanayotou, there is not yet a grand vin in Greece. "But we can find very good quality wines, appellation d'origine and vins de pays that are extremely interesting because of their originality and personality due to the wide range of native grape varieties used," he says.

This new interest in fine wine has encouraged the development of a number of small wineries working alongside wine cooperatives and the major, long-established companies, such as Boutaris, Achaia-Clauss, Carras, Kourtakis and Tsantalis. Some of

ing at most tavernas and Greek these wineries use imported the country, in the Peloponnisos grapes (cabernet sauvignon or merlot, for example), either on their own or in blends with indigenous grapes.

Greece can be divided into four different wine-making areas: Macedonia and Thrace in the north, the Peloponnisos in the south, the Aegean and Ionian islands, and Attica.

One of Greece's finest red grapes, xynomavro, which thrives in northern Greece, is used to make paoussa wines. Boutari, the market leader in the wine industry, has its base in this region and produces more than 25 million bottles a year, of which 20 percent are exported.

While the xynomavro grape dominates the northern part of

area to the south, the prized Agiorgitiko-based wines, the nemeas, are worth attention. The most important producer in terms of quantity is the Nemea cooperative, with a gleaming new winery built with the aid of European Union funds. It produces about 20,000 tons of wine a year. Most major producers offer a nemea, and the best is said to be from Kourtakis, under

the Kouros label, The port of Patras is the base for the Achaia-Clauss company, Greece's oldest winery, founded by a Bavarian businessman over 100 years ago. In addition to its well known Domesdes label, the company produces some fine . sun and with assorted Greek wines with the Patras appella- hors d'œuvres.

tion, including the sweet red mayrodaphne, similar to an aged tawny port The Greek islands are the tra-

ditional home of ancient grape varieties. Crete is the most important in terms of quantity, Other worthy island wines include the sweet Muscat of Samos, Cephalonia's robolla and the mandilaria-based wines of The Attica region around

Athens is planted with the white bavatiane grape, much of it resinated to make retsina. Despite the doubtful reputation retsina has given to Greek wines, it can be an agreeable drink when consumed very cold, in the

President: George Prassianakis General Manager: Spiros Stalias

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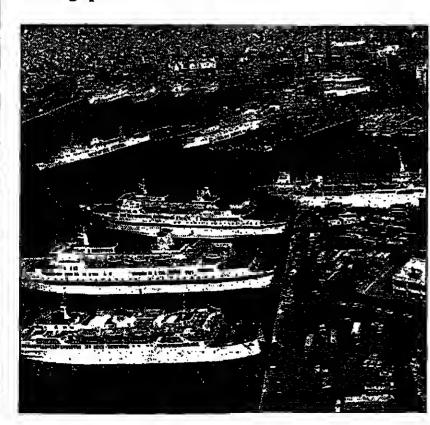
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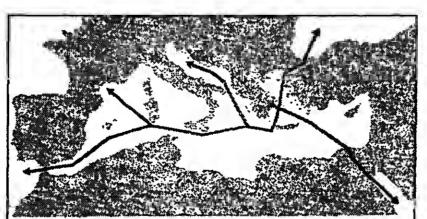
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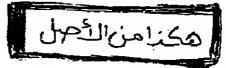


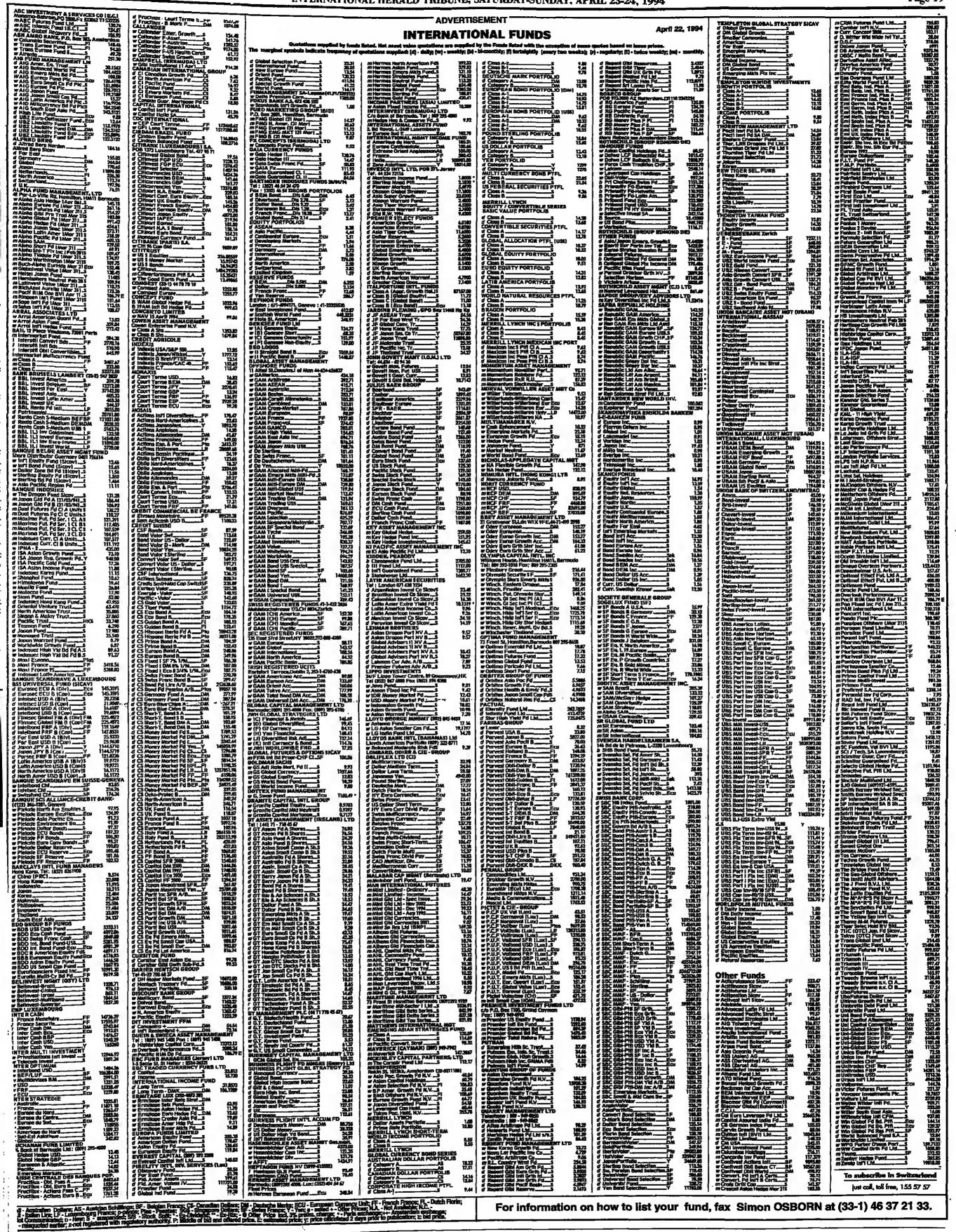
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Phils' Jackson 4-Hits Giants

A four-hitter reversed Danny Jackson's fortunes against the San Francisco Giants

Backed by home runs from Dave Hollins and Darren Daulton, plus a wind blowing in, Jackson pitched the Philadelphia Phillies to a 6-1 victory Thursday in San Francisco.

He was 0-3 with a 9.60 earnedrun average against the Giants in 1993, but blanked them after a

NL ROUNDUP

first-inning run on a walk, Robby Thompson's ground-rule double and Willie McGee's RBI grounder. Hollins hit a two-run homer in the third and Daulton a three-run drive in the eighth although the blustery weather at Candlestick Park making it tough on the hitters.

"lı's been a long time since we've had a game as well pitched as this one," said Daulton, who has gotten all six of his homers and 16 of his 17 RBIs in his last 12 games. "Fundamentally, it was the best game we've played."

John Kruk continues to hammer right-handed pitching on his return from testicular cancer surgery. He singled in the first, his a sacrifice fly in the third and lined out sharply to center in the fifth, making him 8 for 22 (.364) against right-handers.

better because he's healthy for the first time in several seasons, added: "The difference today was a much

The Giants praised Jackson, yet there have been a lot of wellpitched games against them lately. The team's average dipped to .228, worst in the majors.

Dodgers 13, Mets 3: Orel Hershiser beat the other former Cy Young Award winner, visiting New York's Dwight Gooden, for the third straight time as Raul Mondesi got three hits, one a three-run homer in the eighth, and scored three times in Los Angeles.

Tim Wallach, Mike Piazza and Jose Offerman each drove in two runs for the Dodgers, who had 15 hits. Delino DeShields had three hits and stole three bases.

Hershiser allowed eight hits in seven innings following three consecutive no-decisions. Gooden gave up seven runs and 10 hits in 51/3 innings with three strikeouts and three walks — all to Brett Butler, who walked four times in all.

Expos 5, Padres 4: Rookie Cliff Floyd and Marquis Grissom hit consecutive homers in the fifth and Moises Alou drove in two runs as Montreal won in San Diego.

Eckersley Fails Again, Bosox Win on 2 in 9th

Eck?

Dennis Eckersley, major league baseball's premier closer the past six seasons, failed for the third time to get his first save of 1994 when he gave up two runs in the ninth inning and the Boston Red Sox ral-lied for a 6-5 victory Thursday over the Oakland Athletics.

Eckersley has saved 256 games for the A's since 1988, but he fell from a career-high of 51 in his 1992

AL ROUNDUP

Cy Young Award-winning year to 36 last season. The artists right-hander also blew 10 saves last year, the most since he took over as

the team's closer in 1987.

Now, 15 games into the 1994 season, he is searching for his first save or victory.

In the ninth, pinch-hitter Andre Dawson drove a ball to deep center field off Eckersley, scoring Scott Cooper, who had singled and taken second when Ruben Sierra bobbled the ball in right.

Dawson, who sat out two

Then Otis Nixon doubled, scor-

ing Fletcher.
"I have a strike mentality and it comes back to haunt you," Eckersley said. "I live and die by it, and I've happened to die the last couple

of times. Oakland's manager, Tony La Russa, said Eckersley is "obviously

struggling.
"We'll see what we have to do to get him right," he added, then

What the heck is wrong with snapped at a reporter: "Do you want to write his obituary?"

Indians 10, Twins 6: Eddie Murray homered from both sides of the plate for a major-league record 11th time and moved into 20th place on the career home run list as visiting Cleveland won. Murray, 38, hit a three-run

homer batting left-handed in the first, then from the right side in the seventh hit a two-run shot that snapped a 5-5 tie. The first homer moved Murray

past Dave Kingman on the homer list with 443. The second broke Mickey Mantle's record of hitting home runs from both sides in a game 10 times.

Angels 11, Orioles 8: Eduardo Perez homered twice, driving in four runs, and Bo Jackson hit a three-run shot as California won in Baltimore.

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(9) and Steinbach; Heeketh, Quantrill (4),
Bankheod 18) and Valle, W—Bonkhead, 2-0,
L—Eckersley, 6-2,
Lieveland

\$18 906 801—1 18 Jackson made it 6-1 in the fifth. Perez, who had homered in the second, also hit a three-run drive in the eighth. He had hit four homers in 180 at-bats last season, but also hit two last week in a victory over

Yankees 4, Mariners 2: Melido injury, limped into second base on Perez pitched New York's first the play and was replaced by Scott complete game of the season, with a six-hitter, and Danny Tartabull hit a two-run homer against visiting

> Brewers 6, White Sox 4: Dave Nilsson homered and Turner Ward hit a two-run double as Milwaukee, playing at home, ended Chicago's winning streak at four.

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French Panel Demotes Marseille

PARIS - French soccer authorities on Friday relegated Olympique Marseille to the second division next season as punishment for allegedly bribing another team, Valenciennes, to throw a match last year.

The president of the French federation, Claude Simonet, also announced that Marseille's president. Bernard Tapie, would be banned from French soccer and the three players involved in the match-rigging affair suspended until 1996.

The relegation came after 31/2 hours of deliberations by the federation's board following a day of hearings with the main actors in the 11-monthold bribery scandal.

The ruling by the 26-member board left open the chance for Marseille to compete in a European cup tournament if it qualifies this year. The measures, following almost a year of procrastination by the federa-tion, were harsher than expected and

WESTERN CONFRRCNCE

THURSDAY'S RESULTS

22 23 18 19— 82 22 23 41 24—138

gathered outside the federation's Paris headquarters.

Marseille bad already heen stripped of its French championship and barred from defending its European Champions' Cup title.

Tapie had his director's license withdrawn and was barred from activity in French soccer for an unspecified time.

The board banned Marseille's exgeneral manager, Jean-Pierre Bernes, accused of orchestrating the bribe to players for the rival club Valenciennes, from the sport for life. Jean-Jacques Eydlie, the Marseille

midfielder who acted as Bernes's middleman, and two Valenciennes players who accepted the payoffs, Jorge Burruchaga and Christophe Robert, were provisionally suspended from play until July 1, 1996.

The decision means that Marseille could play in either the UEFA or Cup Winners' Cup competitions if it qual-ified and if FIFA, the sport's world governing body, agreed. Marseille is

currently in second place in the French league behind Paris St. Germain. It is still involved in the French

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Cup competition. Citing unspecified threats, the league earlier in the day had postponed Saturday's scheduled French

Cup quarterfinal match between Marseille and Montpellier. No new date was immediately fixed. The special panel heard the key figures or their lawyers once again

recount their roles or allegations. The panel heard first from Jacques Glassman, the whistle blower from the Valenciennes team who said he had been offered 250,000 francs (\$44,000) to go easy against Marseille on May 20, six days before its Champions' Cup match against AC Milan:

Marseille won both. Tapie has been charged by investigators with complicity in corruption for allegedly attempting to bribe Boro Primorac, the former coach of Valenciennes, to take the blame for the scan-

(AP, Reuters, AFP)

SCOREBOARD

BASEBALL rise—Philadelphia, Hollies 12), Dauthon (4), Montreet 200 750 860—8 18 8 San Dings 811 800 880—4 9 2 Hill. Scott 181, Rojas 191 and Fletcher, Spehr (9); Whitehursé, Soger (7) and Ausmus, Clark (7), W—Hill. 3-1, L—Whitehursé, 1-3, Sy—Ro-jas (2), HR3—Montreol, Floyd (1), Grissom 111, San Gégo, Clark (2), L'astrinaca an Major League Standings (7), W—HILL ST. 1. (7), W—HILL ST. 1. (7), W—HILL ST. 1. (7), ST. AMPRICAN LUAGUE .615 .600 .538 The Michael Jordan Watch THURSDAY'S GAME; Jordon went 1-for-J with a single, on RB| and two strikeouts. Na balls were hit to him in right field. SRASON TO DATC: Jordan is hitting 233 111for-22) with three runs, two RBIs, force works. 11 strikeouts and 4 staten bases. Japanese Leagues Pct. .467 .546 .364 .455 .500 .455 ,500 ,467 ,438

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,563 ,500 ,438 ,176

Thursday's Line Scores

L-Eckerstey, 9-2.
Clevefond 378 100 401-- 10 18 8
Minnegate 031 001 100-- 4 5 1
Clpris, Plunk (4) and Pena; Mohames, Casion (5), Goragazzo (7) and Parks, Veribros, Cat.
L-Coston, 9-2, HR3--Cleveland, Murrary 2 (3), Sorrento (3), Minnesota,
Rechart (1)

Milhorothee 992 200 922—6 1 9 Fernandez, DeLeon (8) and LoVoillere, Korkevice (7) 2 three, Fethers 181, Llovd (8) and Horper, W.—Edired, 2-1, L.—Pernandez, 1-1, S.W.—Llovd (2). HR—Milhorothee, NT 250n (3).

NATIONAL LEAGUE

HOCKEY Thursday's NHL Playoffs

Noonen, Leetch); 2, N.YRomers, Tikkonen 1
Noonen, Leetch); 2, N.YRomers, Leetch 2
(A. Messler, Noonen); (ps), Penalites:Thomas, NY; (holding sitch); Kruse, NY| (cross-checking); Wells, NYR (hoskine), Second Period—3, N.YP

Second Period—3. N.Y.Romown, Graves 8
(Levich, Zubov); (po). 4. N.Y.Islanders, Ferrona 1 (Delgarma, Vaske); S. N.Y.Islanders, Ferrona (Delgarma, Vaske); S. N.Y.Romgers, Kovaley 3 (Matteou, Levich); (po). Penalties(roughling); Hosue, N.Y.I Trubshins (; Heartell,
N.Y.I. served by McLimits (delay of gome).
Third Period—4. N.Y.Romgers, Graves 3.
Penofiles; (Kovaley. N.Y.R. (high-sticking);
Nooners, N.Y.R. (skephing); Action, N.Y.I (roughing); Green, N.Y.I (tripping); Thomas, N.Y.I
(cruss-chacking).
Shots en geal—Romgers 3-10-5—18, Islanders 4-104—22; power-play apportunities-

3.5%—Lloyd (2). HR—Mitheupical, NTspan (3).
Colifornia 919 H2 939—11 H 0
Ballimore 961 900 115—8 10 1
RLAnderson, Butcher (7). Lawis (9) and
Avers; Rhodes, Williamson (5). Pennington
(7) and Holles. W—BLAnderson, 2-4.
L—Rhodes, 6-3. HRs—Collifornia, Jackson (3),
Perez 2 (5). Baltimore, Volet (1). Shots on yeal—Rangers 3-10-5—16, islanders 4-10-8—22; power-play experimities—Rangers 3 of 7; islanders 0 of 5; goales—

Chorskel; Penoffles; Daneyko, NJ Tinterferencel; Magilay, Suf (hookine); Lernieux, NJ (cross-checking).
Sacood Period—NJ-Albelin 1 McKoy.
Corpenter): Penoffles: Peluso, NJ (roughine); Mogliny, Buf (roughine); Corpenter, NJ (trippine); McKoy, NJ Thigh-stickine).
Third Period—B-Ahosilay 2 (Newerchuk, Bodger); 1pp). Penoffles: Corpenter, NJ (hookine); Roy, Suf (elbowine); Medermayer, NJ (trippine).

(Nocking): Mary Sur (ellowing): Metarranger, NJ (tripping).
Shats on Boal—NJ. 1)-8-7—26. R 11-9-10—30; power-play appartunities—NJ. Cat's; R 1 of 6; poellies—NJ. Broder 2-1 (30 shots-22 saves).
8, Hasek 1-2 (26-24).

Boston 3 81—6
Mostreol 0 30—3
First Period—B-Smolinski | (Octez, Wesley);
(pp), B-Krápscheer 1, B-Reid 1,(sh/PerolHes;Destordins, Mon (holding stick!; LeCidir, Mon linterference!; Donoto, Boa
(atcaking); Infurde, Bos (roughing);
Second Period—M-Rumet) (Ose(ardins,
Keone); B-Hughes 1 | Murray, Sturopel); MKeone 3 (Brunet, Corbonneou); M-Donne !
(GiPjerro); B-Murray | (Hughes, Sturopel);

Philoseishio 22 23 18 19— 62 New York 22 23 41 24—138 P; Perry 5-11 1-4 12. Weather3poon 7-18 4-5 18. Washridge 5-15 2-4 12, N.Y.; Swing 13-10-9-3 26. Davis 5-14 1-1 19. Rebounds—Philodeishia 57 (Austin 101, New York 61 (Ewins 15). As-sign—Philodeishia 14 (Barras 6), New York 27 (Horper 9). Keone & (Brunet, Corbonneou); M-Diome |
19iPiero); B-Aurrey 1 (Hushes, Stumbel);
Penalties: Heims, Bos (roughing); Brisebois,
Mon Iroushine); Indrofe, Bos Iroushins);
Keone, Mon (holding).
Third Period—B-Reid Z.(en) Penalty; Roberts Bos (holding).
Stots as soci—B 3-10-7-26, M3-12-4-27; power-play experipatites—B 1 of 3; M 6 of 4; evalues—B, Riendacu, 1-0 (27 shots-24 soves).
M, Tusnutt, B-1 (25-20),
Pittsberch B 8-4
Washington B 11-2
First Period—None, Penalties: Ridley, Wos Interference); Hatcher, Was (skabling); Lemiaux,
Fit (slashing); D. Brown, Fit (roughing); G. Brewn, Pit (roughing); Jones, Wos, double

Attente 21, Besten 22 (Brown 7).
Attente 17 31 25 26-89
Micmi 25 18 26 24-94
A; Monning 8-164-8 21, Ferrell 8-124-20, M;
Rice 7-15 3-4 21, Smith 7-14 6-0 14, Rehewinds—
Attende 48 (Willis 9). Akiemi 34 (Schith 91, AsIsts—Attende 25 (Bloylock 6), Micmi 21

Fij (sloshigs); D. Rrown, Fit (roughins); G. Rrewn, Pit (roughins); Jones, Was, double minor (roughins); Reekle, Was (trippins); Sandstrom, Pit Islashing); Konowolchuk, Was (interference); G. Rougher, Pit (Interference); U. Samuelson, Pit (Inderference); U. Samuelson, Pit (hooking); Konowolchuk, Was (hooking); Slamey, Was (heidins); Pittsburgh bench, perved by Straka Itoa many men); K. Samuelson, Pit (high-stricking); Horcher, Was (tripping).

Houston

G: Jockson 6-10-2-14, Compbell 6-12-1-12,
H: Horry 9-13-1-1-20, Olouwon 9-14-34-21,
Rebeards—Dalica 52 (Williams 7), Houston 65
10 Jockson 14), Assists—Dolica 24 (Manhburn
4), Houston 37 (Markeel), Cassel (7),
Bucrumente

Gelden State

38: Tiscale 8-16-1-17, Richment 5-15-1-112,
Webb 5-12-0-12, Smith 5-60-) 12, G; Grayer 612-4-17, Bucchier 7-4-1-3 JR, Rebunds—Soc,
Jamento 30 (Wilson 11), Golden State 61 (Ou
empento 30 (Wilson 11), Golden State 61 (Ou
franchis 12), Assists—Socionento 28 (Webb 9),
Golden State 38 (Awillan, Sprewell 8),
Portland

36: 35: 34: 24-111
Utah

37: 27: 22-24-124
P; Strickland 6-13-5-6 17, Dreader 9-22 12-14-31. strake the great Aneh): K. Samuelskon, Pil. (high-sticking): Morcher, Was (tripping). Third Period—W-Reskie 2.ten1Penoittes! U. Samuelskon, Pil. (sloshins): Sandelsran, Pil. (roughins): Konovichuk, Was (roughins). Shots out geal—P.)0-12-5—27, W. 4-10-4—10; power-play apportunities—P. 0 of 6; W. 0 of 7; gealties—P. Borrowson, 1-2 (17 shots-18 saves). W. Beoupre, 2-0 (27-27).

BASKETBALL

NBA Standings

HASTAK					
MA	mile D	iv isk	M		
	W	L	Pcf	GR	
y-New York	55	25	250.	-	
x-Oriendo	49	31	.613	6	
x-New Jersey	. 44	36	,550	11	
x-Mlomi	42	39	.519	131/2	
Boston	31	47	,388	24	
Ph Tadelphia	24	54	.296	31	
Washinston	23	57	.206	32	
Cen	tral Di	visio	n		
x-Affgritq	56	25	.671	-	

U: Metione 8175-721, Stockton 7-16-6-726, Horry cek-6-108-728, Rebeards—Portfand 83 (Oracle 12), Utoti 55 (Malone 13), Assists—Portland 2 (Strickland 7), Utoti 27 (Stockton 9),

MONTE CARLO OPEN

Evrent Karlenikov, Russia, dri. Dovid Rikt, Czuch Republic, 7-4 (7-1), 6-3; Andrei Medvedy (2), Ultrafra, dri. Jim Courier (3), U.S.-67 (5-7), 7-6, 7-6 (7-3); Sistan Edberg (2), Sweden, del. Thomas Muster (7), Austric, 6-7 (8-18), 7-8 (7-2), 6-4; Sergi Rruguera 15), Spoin, dri. Goran (vontsevic (4), Cruotia, 6-6, 6-3, BARCELONA LA FAMILLA OPEN Wyman's Sindes Quertrinesis Arantxa Sanchez Vicario (1), Spain, dei, Julie Hakard (8), Franca 6-1, 7-5; Na Majoli, Cruotia, del. Coochilla Martinesi 22), Spoin, 4-4, 6-3; Mossiak, 4-4, 6-3; Mo del Conchito Martines (2), Seain, 6-4, 6-3; Mar

P: Strickland 4-13 5-4 17, Drexter 9-22 12-14 31

SIDELINES

Yamaha Holding On in Whitbread SOUTHAMPTON, England (AP) — Yamaha held a further reduced

lead of 119 nautical miles over Intrum Justitia on Friday as the fleet neared the finish of the fifth leg of the Whithread Round the World Race at Fort Lauderdale, Florida.

Galicia 93 Pescanova was in third place, 27 miles behind Intrum Justitia, while Merit Cup continued to lead the Maxi class yachts, 37 miles ahead of New Zealand Endeavour.

Ecureuil Poitou-Charentes 2, the revolutionary French sailboat skip-pered by Isabelle Antissier, was expected to reach port Friday and easily break the New York-to-San Francisco speed record twice set in 1989 after

Miller Wins 2d Gymnastics Crown

BRISBANE, Australia (AP) — Shannon Miller of the United States produced two spectacular vanits Friday night and won the women's all-around title at the World Gymnastic Championships for the second straight year.

Lavinia Milosovici of Romania, who was neck-and-neck with Miller.

throughout the competition, won the silver medal with 39,236 points, just 0.038 behind. Dina Kochetkova of Russia got the bronze medal.

For the Record

Jean Louis Guepy of France shot 4-under-par 68 for a two-stroke lead over Rolf Muntz of the Netherlands and Wayne Riley of Australia in the Catalonian Open in Pals, Spain.

Mike Springer shot 8-under-par 64 for a one-stroke lead over Hale Irwin, winner of last week's Heritage Golf Classic, in the Greater Greensboro Open in North Carolina.

(AP)

Chifford Rocier, Louisville's All-American center, said he will forgo his senior year to enter the NBA draft.

Pelé, 53, said he plans to marry Assiria Nascimento, 33, whom he has known for 10 years, at the end of April. The former soccer star was married to Rosemary Cholby from 1966 until a bitter divorce in 1978. (Reuters)
Ski Paradise of France drew the inside post position for Saturday's \$1.1 million Keio-hai Spring Cup, the race in Tokyo opened to foreign horses this year for the first time,

CRICKET

AUSTRALASIA CUP FINAL FIFTH TEST

Bineland vs. West Indies, Lest Day Thursday, in 51. John's, Antiqua England 1st Indians: 593 all out West Indies 2d Indians: 45-0 West Indies with series 3-1 and retain Wisden Trophy

TRANSACTIONS

Asterican League
BALT WORE—Activated Kevin McGehoe, pitcher, from extended sprine Irainiar and assigned him to Rochester, fl.
BOSTON—Recaried Beb Zupcic, outfielder, from Powtucket, I.L. Ostigned Grog Biosser, autitelder, to Powtucket, Sent Ricky Trilicek, pitcher, to New Rritoin of the EL Recalled

Ken Ryon, pitcher, from Sarasola of the Plantdo St. Leogue. CHICAGO—Recuiled Stove Sox. Utility player, from Strintingham of the SL, activate him from the 15-day disabled flat and reques

him his unconditional rel TEXAShoriz City of the AA.

TORONTO—Purchosed confrect of Dennat-Hall pitcher, from Syrocuse of the IL Sent Brent Bowers outliefer, it Knoovilte of the SL

ed walvers on him for the purpose of greating

Sheri Bowers, outlieder, is Knowlite of the SL Sent Poul Scollerte, pitcher, to Syracuse, IL, Nettonal Leasee N.Y. METS—Acquired Mike Cook, pitcher, tran Baltimore and sent him outright to Nor-folk, IL.

NOCKEY Regional Hockey League 8UFFALO—Reculed Morkus Kehterer, socitender! Denis Tsyourov, definatement Jason Young, left wine; and Daug Mecdenold, center, from Rechester of the AHL. DALLAS—Signed Emmonuel Ferrondez, socille, to 3-yeor, contract, TORONTO—Assigned Frank Statowes, left wing, to St. John's of the AHL.

DENNIS THE MENACE



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PEANUTS

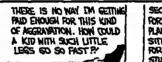




















WIZARD of ID







REX MORGAN



GARFIELD



SPORTS

European Basketball Will Gain From Greece's Championship Loss

By Ian Thomsen

International Herald Tribune
TEL AVIV — The worst fears of the European Final Four were realized by no one except the favored club from Greece, Olympiakos Piraeus.

Security never became a public concern, neither outside nor inside the Yad Eliyahu arena. The 3,000 Greek fans inside the arena were only self-defeating. Those of Olympiakos had triumphed Tuesday night over their rivals grouped at the opposite end of the arena, as Olympiakos defeated Panathinakos in the arena fan the arena the semifinal. In the final, the Panathinaikos fans retaliated by supporting underdog Jovenius Badalona againss

overly defensive basketball after the two teams got only 38 points in the second half, with Olympiakos being outscored, 7-1, in the final eight minutes. More likely, these championship final upsets of the past three years - all engineered by Serb coaches, two of them by Joventut's Zelimir Obradovic — will create a more sophisticated audience for the

"There's probably a lot more pressure on the so-called stars in Europe than there is in America," says one of the best of those stars, 36-year-old Nikos Galis, whose 30 points helped Panathinalkos beat FC Barcelona, 100-83, in Thursday's game for third place. "In Europe, the stars largely take most of the fault for losing, and most of the credit for winning.

"The people don't know the importance of the sixth man coming off of the bench over here. Or that the star is not going to score tonight, but he's going to draw two men which is going to make it easy for another guy to score. But it's getting better. They're starting to realize that it's more than just scoring."

How else to explain a victory by a team as overmatched as Badalona? The Spaniards were cool against overwhelming odds because Obradovic had installed a system they believed in. Like all upsets, it demanded offensive efficiency - a fast start was mandatory - and Olympiakos provided Badalona with easy shots from the beginning. The Greek team's big front line of Roy Tarpley, Zarko Paspalj and Panayotis Fassoulas was in oo mood to play defense on the perimeter until Badalona's 34year-old center, Cornelius Thompson, and Ferran Martinez - at 2.13 meters, or 7 feet, he was effectively a small forward — began plopping in shots from 15 feet. Once Olympiakos' big men were forced to defend the 3-point line, there was a lot more room inside than anyone might have expected for Badalona and more chances for offensive rebounds, which ultimately allowed them

smaller, quicker, more cohesive team, so points for the Hawks, 13 more than was Olympiakos being let down by its his average.

coach, Yannis loamnidis. He is one of the most successful coaches Greece has ever known, but in this Final Four he seemed to have more talent than he could handle. Tarpley, in effect, was crowded out

by his own teammates on the front line. Here is one of the NBA clite who, at 29, has all of his skills intact - more skills at his height, 6-9, than Europe has probably ever seen — and he is as motivated as any foreigner could be, because he wants to use this season's final month as his springboard back into the NBA. It was obvious he had put a lot of pressure on himself, and given his personal fail-

ures in the past, he lacked the coalidence Most likely, Badalona wouldn't have He also had the coolest head in the 10 push himself through a bad night that been in contemion in the final minute had game. His line-drive 3-pointer won it. saw him make only 5 of 16 shots from the be not spent the game questioning himself.

It didn't have to be that way, not with field. His misgivings were revealed each time he openly cursed himself for missing a jump shot: It is not the kind of panic seen from a player of his experience.

He could not order one of his teammates, Paspalj or Fassoulas, to exchange positions with him. But his coach should have. When the great players are missing from the perimeter, they go inside — muscling their way in for layups, drawing fouls, scoring from the line. Tarpley led the NBA in rebounding a few years ago.

near the desert of the 3-point line.

Io the final 1:09, Badalona was able to recover three of its own misses - a scoop shot by Martinez and Michael Smith's tip, each of which appeared good before curling off the rim—before Smith drove in and Olympiakos' entire frazzled defense seemed to surround him. At the last moment he passed off, and the ball came out to Thompson, the unlikeliest of 3-point shooters. He looks like a bigger, less-lean Charles Barkley. had been able to make one of its last team as well, but their places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen, a terrification of the places went to desperate shots. Had one fallen a terrification of the places went to desperate shots. Had one fallen a terrification of the places went to desperate shots. Had one fallen a terrification of the places went to desperate shots. Had one fallen a terrification of the places went to desperate shots. Had one fallen a terrification of the places went to the and the ball came out to Thompson, the unlikeliest of 3-point shooters. He looks

It didn't have to be that way, not with 14 seconds left and Tarpley available to score. At this point he wasn't even asking for the ball. It went to, of all people, Paspalj, who was smartly fouled by Smith with 4.8 seconds left. Paspalj shoots free throws the way a drunk leaves a bar. After he had missed the first of his one-and-one attempts, the ending could have improved only if Olympiakos

cause, inexplicably, the clock had oot

Only the couple of thousand fans of Olympiakos were not cheering, they were left with the image of their Panathinaikos countrymen across the arena celebrating the Spanish victory. The All-Final Four Team was announced, and Badalona was represented only by its point guard, Rafael Joiresa. Martinez and Thompson should have been on the

Olympiakos guard George Sigalas - the latter being named defensive player of the tournament for his work against Galis in the semifinal.

Then the most valuable player award was announced and the winner was none other than Paspaij. He appeared genuinely embarrassed. His eyes went wide and he pointed at his chest, hoping a mistake had been made. In lact, the award ballots had been cast at halftime, when the game was tied and there was every reason to believe that the best scorers would win. But then there's a lot more to the game than that.

victory Thursday night that prevented Greece from celebrating its first European basketball club championship. There will be a second or second o There will be more outcries about werly defensive basketball after the two At Hawks' Expense

Miami is assured of eighth place in the Eastern Conference, and happy about it. Atlanta, still in first place in

the conference, is disappointed. The Heat clinched their second playoff berth and their first winning season Thursday night with a 94-89 victory over the Hawks, who could have won the East title with victories in their last two games.

Miami's victory eliminated Charlotte, which surged into contention when it got Larry Johnsoo and

NBA HIGHLIGHTS

Alonzo Mourning back from injuries. The Heat, now in their sixth year, also made the playoffs in 1991-92. They beat the Hawks for the first time in four tries this season.

"When that buzzer went off, chills ran through my body," said Glen Rice, who scored 21 points, three on free throws in the final 12 seconds. "This has to be the high point of my professional career.

Atlanta now needs to beat Orlando and have Chicago lose one of its last two games. The Bulls have the tiebreaker edge over the Hawks, while the Hawks have the tiebreaker edge over the New York Knicks, which still could sneak into first place because they play Chicago on Sunday.

Now we cheer for the Knicks, something I never thought you'd hear me say," said the Hawks' center, Jon Koncak.

The team that earns the No. 1 seed faces No. 8 seed Miami in the first

Atlanta shot just 40 percent, and Mookie Blaylock missed two open 3-pointers in the final 10 seconds with the score 92-89.

Danny Manning had 21 points af-Just as Obradovic was figuring out ter going scorcies for the first 21 31 points and 12 rebounds. Rod how to maximize the strengths of his minutes. Duane Ferrell added 20 Strickland added 17 points before be-

"Obviously both teams had a lot at stake," Koncak said. "It was a playoff-style game."

Knicks 130, 76ers 82: New York matched the largest victory margin in team history, with Patrick Ewing get-ting 24 of his 26 points and 14 of his 15 rebounds in the first and third quarters, when visiting Philadelphia was outscored by a combined 73-40.

The Knicks go into their final two games enmeshed in controversy. Earlier in the day, reserve forward Anthony Mason was suspended indefinitely for questioning coach Pat

Riley's coaching strategy. Rockets 126, Mavericks 100: Ha-keem Olajuwoo had 21 points, 14 re-bounds and six blocked shots before sitting out the fourth quarter as Hous-ton clinched the second-best record in the NBA.

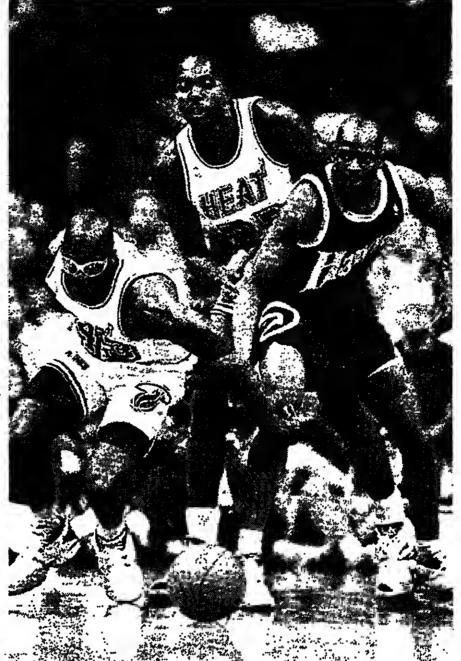
Seattle is assured of the best record and the Rockets locked up second when Atlanta lost

Hornets 95, Celtics 89: Charlotte's playoff hopes ended despite winning in Boston behind Mourning's 21 points and 11 rebounds.

Warriors 121, Kings 96: Jeff Grayer scored 19 points and Jud Buechler had 18 in the fourth quarter as Golden State won its seventh straight, clinching sixth place in the Western Confer-ence by defeating visiting Sacramento a seventh straight time. Juzz 122, Blazers 111; Jeff Horna-

cek scored 23 points, including nine in the third quarter when Utah, playing at home, went ahead for good against Karl Malone had 21 points and 13

ebounds and John Stockton finished with 20 points for the Jazz, who won for the sixth time in seven games by holding Portland to 43 percent shoot-Clyde Drexler led the Blazers with



Dong Collies/Agence France-Preset Grant Long stole the ball from a displeased Stacey Augmon, helping ruftle the Hawks. linski and Fred Knipsheer and vet- net with 16 seconds left.

Rangers Win, 5-1, **Close to Sweeping** Islanders in Series

Even if the New York Rangers don't end their Stanley Cup drought, it looks like they'll have the satisfaction of blowing out the New York Islanders.

Adam Graves scored twice, and Esa Tikkanen, Brian Leetch and Alexei Kovalev once each during a 5-1 rout Thursday night that gave the Rangers a 3-0 lead in their firstround playoff series.

"The idea is to eliminate your opponent as soon as possible," said forward Glenn Anderson "Any good team has a killer instinct." The Islanders, who have never been swept in a seven-game series, face elimination Sunday, again on their home ice. Only two teams in NHL history have come back from 3-0 deficits in the playoffs: the 1942 Toronto Maple Leafs against Detroit in the finals, and the 1975 Islanders against Pittsburgh.

Devils 2, Sabres 1: In Buffalo, New York, Martio Brodeur stopped 29 shots and New Jersey killed off five of six power plays to take a 2-1 lead in that series.

Stephane Richer scored at 19:01 of the first period and Tommy Albelin made it a two-goal lead 15:43 into the second following Petr Svoboda's turnover.

Alexander Mogilny, who has three of the Sabres' four goals in the series, scored at 4:08 of the

Brains 6, Canadiens 3: Ron Tugnutt, playing goal for Montreal afwith an appendicitis, allowed three Joe Mullen. He was oot threatened first-period goals as visiting Boston thereafter. Pittsburgh managed LOOK a 2-1 Scries Icad

ter Patrick Roy was hospitalized

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eran Dave Reid put Boston ahead, 3-0. Tugnutt allowed five of the first 13 shots into the net, including two from long range. Roy was to learn Friday whether

he would be back by the weekend or out for possibly two weeks after an appendectomy. The key for the Canadiens in

their bid to retain their NHL title, Roy entered the hospital Thursday

STANLEY CUP PLAYOFFS

with mild appendicitis. He was given intravenous antibiotics, which doctors hoped would cure the infection without surgery.

"If he recovers, he can play as soon as he gets a few meals under his belt," said Douglas Kinnear, the team doctor. "He's been on liquids only.

-Tis

Capitals 2, Penguins 0: Joe Reckie scored twice and Don Beaupre stopped 27 shots as visiting Pittsburgh was shut out for the first time in 95 playoff games and Washington took a 2-1 series lead.

"I think it's a combination of their defensive play and Beaupre being a very good goalie," Pitts-burgh's Mario Lemieux said.

Reckie scored short-handed at 14:11 of the second period, and Beaupre made it stand up in his 15th playoff victory, tying Pete Peeters for a team record.

With eight minutes left, Beaupre kicked away a shot by the charging Goals by rookies Bryan Smo- then Reckie scored into an empty

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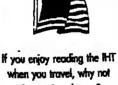
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MIAMI — Recently I went to England on a selfless humanitarian mission to sell books. It was a very relaxing trip until about 35 minutes after the plane landed at Heathrow Airport, which is when a British person cheerfully informed my wife and me that terrorists had been shooting mortar shells onto the runway. Really. They have political organizations over there that, having apparently received public relations advice a Christmas display.
Of course I didn't know about from Charles Manson, believe that the way to garner public support is to bomb and mortar the public. "Hey!" the public is apparently supposed to respond. "Homicidal

Shortly after we arrived, there were two more mortar attacks on Heathrow. None of the shells detonated, but I was starting to wonder about the quality of the airport security. I envisioned squadrons of Scotland Yard detectives wearing Sherlock Holmes hats, crawling on hands and knees, scrutinizing every blade of grass through powerful magnifying glasses, not noticing trucks rumbling past them with large signs that said "CAUTION! MORTAR SHELLS!"

loons are trying to kill me! I am

feeling supportive toward them!"

Anyway, the mortars were scary, but we had a MUCH scarier experience in England: Somehow probably because of another massive screwup at the CIA — we got invited to dine at the U.S. ambassador's residence. We were the only people on the guest list whose titles were "Mr. and Mrs." Everybody else was something like "The Lord Earl of Gwebbing and Her Worshipfulhood the Viscountess Lady Huffington Prawn-Armature." So when we arrived at the ambassa-dor's residence, which is approxi-mately the size of Wales, but with more bathrooms, we were feeling socially intimidated.

Fortunately the ambassador and his wife were extremely nice, which was reassuring, as was the fact that they had three dogs (one main, two backups) with no sense of etiquette whatsoever ("I know! Let's sniff the viscountess!"). Nevertheless, when it came time to eat dinner, I developed severe Table Manners Paranoia. I estimate that there were 27 forks at my place setting alone. Plus, it turns out that at these formal

dinners they have rules about whom you talk to: Before the main course, you're supposed to talk exclusively to the lady on your left as though she is the most fascinating human on the planet, but when the main course arrives, you're supposed to drop her like used chewing gum and talk to the lady on your right. It's amazing to watch the changeover. All heads in the room swivel simultaneously, like synchronized motorized elves in

this, so midway through the dinner I suddenly found myself having an animated conversation with the back of the head of the lady on my left, who, despite having been, only moments earlier, my closest personal friend, no longer seemed to realize that I existed.

Speaking of exciting social adventures: Several nights later, we were at a party, and the host came up and said, "I'd like you to meet Salman Rushdie." Really. Apparently Salman has turned into a major party animal. So there I was, chatting with him, trying to appear cool, but in fact wondering if I would have been safer just staying at the airport. "So, Salman!" I wanted to say. "Perhaps we would be more comfortable if we were lying face down on the floor away from the windows!"

But other than these few anxious moments, we had a wonderful time in England. They were having some highly entertaining government scandals. We Americans tend to have obscure boring complicated financial Whitewater-type scandals that nobody understands; whereas the British have scandals involving straightforward, clear-cut issues of obvious significance, such as high government officials paying for sex

Speaking of food: The British are definitely getting better at cooking, and they have discovered the ice cube. Fortunately, however, some things have not changed: They still have the Royal Dysfunctional Family, and it is still a constant source of entertainment. (The day we got there, Prince Charles made the newspapers by asking, on a tour of a cosmetics plant, if anybody wanted to —I am not making this up —lick mango butter off his body.)

Knight-Ridder Newspapers

Dog Day Afternoons: Hare Always Wins

International Herald Tribune

ONDON - The young heroine of Hitchcock's "The Lady Vanishes" is limp with ennui although, as she says, she has had caviar in Cannes and sausages at the dogs. In "Notes Toward the Definition of Culture" T. S. Eliot describes a culture encompassing the whole life of the people, including Derby Day, the Twelfth of August, and dog races (as well as boiled cabbage cut in sections and the music of Elgar).

Hitchcock was filming in 1938 when dog racing had just begun to count and Eliot writing just after World War II when it began to count again. Today, it is neither significant

MARY BLUME

nor smart: the no-account pursuit of an uncatchable mechanical hare around an oval track, of interest only to promoters who see it as a potential leisure time money spinner and to those who, like Laura Thompson, simply

In her book, "The Dogs" (Chatto & Windus). Thompson writes that dog racing now is seen as merely picturesque, "loved not with a passion but with indulgence." Thompson's book has attracted attention not only because, as a striking 29-year-old Oxford graduate who used to be on the stage, she seems an unlikely expert, but because her expertise is real. Her father, a self-made retired engineer, is a well-known racing greyhound owner and she used to write a sports column for The Times.

The dogs, as dog racing is always called, is second in popularity only to football in Britain, with 37 licensed tracks (and a good many unlicensed ones) running about 50,000 races a year. But it is rarely seen on television and not covered in the daily press. The Times never allowed

Thompson to write about the dogs.

They do horse racing, which is basically the same as the dogs.—there is as much corruption and furny goings-on, she said driving through the night to Walthamstow stadium on the London-Essex border. "It's just because the queen goes, I mean it has a completely different image."

The image of the dogs is robust, raffish, working class: an excuse for betting rather than a sport (Churchill called the dogs animated roulette). It is never genteel, often garish and more than a little louche. There are races afternoons and evenings. The dogs, Thompson says, celebrate the life forces of expectation, hope, desire, greed.

Her heart, she says, lifts each time she sees Walthamstow's gaudy neon facade. The race itself passes in a 30second blur. What is left is the tension, the color, the idiot joy of predicting a hound's ability to be second to a cloth re. There is a steady roar but none of the rowdiness of football matches because. Thompson says, at the dogs people are so interested in what they are doing. "I think rowdy behavior is boredom or hoping for something that you're not getting. You don't get that feeling at the dogs." It is an instant, and innocent, high.

In Europe, there is dog racing only in Spain, Britain and in Ireland where most of the dogs are bred. The dogs thrives in Australia, Mexico and the United States, where prizes are big enough to attract the attention of the Mafia and the Boston thriller writer George V. Higgins. In England, the dogs is not a big money sport and therefore not of interest to heavy criminals although attractive to those who, in Thompson's father's phrase, like to bob and weave. Right now the dogs is trying to clean up its image. "We like to see people win and come back," says Ann. Askett, a director of The Stow, as Walthamstow is known,



The dogs, according to Laura Thompson, celebrate the life forces of expectation, hope, desire, greed.

and a member by marriage of the Chandlers, dog racing's leading family and founders of The Stow in 1932. A decent racing puppy costs about £8,000 (\$12,000) and £25 to £35 a week in keep. Prizes are correspondingly small,

with the Derby paying only \$40,000, although the promoter of a newly refurbished track in Hackney. East London, is promising a £100,000 prize one of these days. What the tracks need oow is to get more visitors: to get the leisure as well as the gambling pound.

Greybound racing is a descendent of hare coursing, a

rich man's blood sport, and when it was brought to Britain from the United States in 1926 prominent owners includ-ed Viscountess Maidstone, the Duchess of Sutherland and William Rhinelander Stewart. But, as Thompson points out 1926 was also the year of the General Strike and the does had an immediate appeal for urban workers intoxicated by the lure of speed and the hope of gain. The great dog Mick the Miller, who raced from 1929 to 1931, was applauded by the king of Spain and Gracie Fields, started in a film and to this day can be seen, stuffed, in London's Natural History Museum. By 1945 there were 74 registered tracks and attendance figures rose to 50 million:

ferred tracks and attendance ligures rose to 50 million; fewer than 8,000 attended the 1993 Derby.

The dogs' decline began in the late 1940s. The shining exception was the glamorous White City stadium in London where the Duke of Edinburgh's dog won the 1968 Derby, flash celebrities such as George Raft and Robert Maxwell held court, and Thompson's mother was award-

ed a trophy by Zsa Zsa Gabor.
In the 1980s the land the tracks stood on was worth In the 1980s the land the tracks stood on was worth more than the tracks. White City was razed in 1984. Later in the decade, yuppies graced London tracks, gambling and doing a bit of slumming. At the same time, the media saw the dogs as an ideal subject for postmodern ironizing.

"I get very protective of the dogs when I see these people coming at it from their other lives, blithely ignorant of the painstaking accumulation of detail that has created both greyhound racing and the lives of the men that follow it." Thompson writes.

it," Thompson writes.

She is an admitted romantic although not unaware of the cruelty of a sport in which a dog is considered worthless after the age of 4. She also sees the need to ensure the future of the tracks by attracting corporate sponsors in the manner of Covent Garden and Wimbledon. "It's not a threat to the dogs — how could it be? —
it's only a threat to one's ridiculous nostalgia," she says.
At Walthamstow track, Ann Aslett, who is in charge of
marketing, shows brochures for the Executive's Package

with red or white wine and the Director's Package with champagne, and for the Goodwood Box and the Ascot Suite (when it wishes to sound respectable the dogs bor-

rows horse racing names and its classic races include oot only the Derby but the Oaks and St. Leger).

In the cheaper ringside terraces punters drink beer and can eat veggie burgers. In the more decorous Paddock Grill we sit at tiers of tables overlooking the track, eat hearty chops, bang bells to summon runners to place bets, and rub shoulders with the Chandler clan, including the watchful Jack who admonishes a diner for swearing too loudly, and Frances, a blonde veteran of 40 years of dog racing. "I can kind of imagine it, it doesn't fill me with horror the way 40 years of anything else does," Thompson says.

Both Thompson and Aslett bet and sometimes win. A

group of office girls has heart-shaped silver balloons attached to their chairs. The starter wears a horseman's bowler and breeches and is even convincingly bowlegged. The dogs streak past, identifiable by their colored jackets which match the traps from which they spring and, unable to stop, are caught by handlers when the race ends. The hare always wins. Except for those who go on to Charlie Chan's nightclub, the evening is over by about half past 10: a great night out.

Thompson guides her car away from the neon and toward the steady darkness of London. She talks about her next book, a novel, and about what she calls the warmhearted materialism of the dogs. "It's simple," she says. "I write books but I don't like people who write books. I'd rather be here." **PEOPLE**

Sex, Lies and Ratings: Arnolds Patch It Up

All's fair in love and audience share. Roseanne Arnold is dropping her divorce suit against husband, Tom, saying she was misled by gossip and lies. She asked forgiveness from Tom and from Kim Silva, who was rumored to have been involved with Torn, but Roseanne did not fully retract allegations of abuse against Tom. She stars in the highly rated sitcom "Roseanne" (there was no word on whether she would reinstate Tom as executive producer) and her husband has a new series "Tom." Split up and together again, all just in time for TV ratings month.

The French edition of Vogue will be getting an additional American hand to run it. Gardner Bellanger, who had been an associate publisher of American Vogue, will take over as publisher of Vogue France on June 1. This follows the appointment of another American, Joan Juliet Buck, as editor of the French fashion magazine.

Jacqueline Kennedy Onassis has been discharged from a hospital in New York after surgery and treatment for a bleeding ulcer. Onassis, 64, said in February that she was suffering from non-Hodgkins lymphoma, a cancer of the lymph system. Her treatment for the cancer is now nearly complete.

The 50th anniversary of Arthur Miller's debut on Broadway — well reception for the playwright in the lounge at the Booth Theatre. The Man Who Had All the Luck opened - and closed, after five per-formances - at the Forrest Theatre in November 1944. "I decided I'd never write another play after that," Miller told the gathering. His latest play, "Broken Glass," will open at the Booth on Sunday.

John Denver is performing in Vietnam next month, on May I and 2 in Hanoi and May 4 in Ho Chi Minh City. "It's a money loser," said his manager, Bill Thomes: "We're doing it because he and I believe it's the right thing to do."

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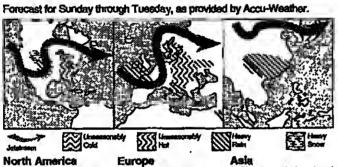
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WEATHER

Europe



Valley and mid-Atlantic states early next week. A see breeze may cool New England for a lime. Heavy thunderstorms will rumble

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POSTCARD

Homes for Gnomes, in Country Gardens and Suburbia

By Barry James

PARIS - Hey ho! Spring is here, kind of, and I it's time to discuss garden gnomes. Whether you think they are adorable or thoroughly bad taste, the fact is that producing guomes is one of Europe's bigger small, really small industries, and the guome population is exploding.

Fritz Friedmann, president of the International Association for the Protection of Garden

Gnomes in Basel, Switzerland, estimated that 5 million of them were produced last year.

The real home of pukka terra-cotta garden gnomes is Germany, said Friedmann, but mar-kets are being invaded by cheaper imitations in concrete, plaster, resin or plastic from Poland, Portugal and the Far East.

They do not have the charm of the original German guome, which is painted by hand and which has a very human expression," said Friedmann, who owns 60 of the little creatures and is the author of a new book on gnome lore.

About half the annual German production of 2 million gnomes is exported to places as far afield as Japan and the United States. But despite the popularity of Snow White and the Seven Vertically Challenged, garden gnomes have never succeeded in supplanting pink fla-mingos as the presiding spirits in certain kinds of suburban gardens in the United States.

In many European gardens, however, they reign supreme. There are gnome museums, gnome festivals, silk-ties with gnome notifs and even a two-year exhibition called 'The Gnomes are Coming' at the Schloss Tranten-sels in Austria, which is dedicated to the history and culture of nanology.

According to Friedmann, a true garden me should be no taller than 68 centimeters (23 inches), have a gray or white beard, and be dressed in a red bonnet known as a zipfel, a green apron and big shoes.

Jean-Yves Jouannais, a Paris art critic who has just written a book about suburban kitsch, found a species of garden gnome in the Renaissance Boboli garden in Florence. He said that in aristocratic gardens, gnomes fulfilled the same function of warding off evil as the crotic

statuettes of Hermes in ancient Greece or Priapus in ancient Rome. The industrialization of the gnome-making process in Thuringia in Germany in the 1890s put gnomes in reach of the common man and on the road to kitschdom, said Jouannais, an assistant editor at the highbrow magazine Art Press, But earlier than that, the gnome was adopted as a political symbol by the petite bourgeoisie in Germany in the 1870s as a protest against the policies of Bismarck.

According to some nanologists, the gnome probably originated in the iron and copper mines of Cappadocia, a land of strange mountains and cave-dwellers, part of modern Tur-key. Gaomes entered Teutonic mythology with the exploitation of mines in central Europe in

According to a report last year in the Warsaw newspaper Polityka, the gnome business has brought prosperity — but also crime and drugs
— to the western Polish town of Nowa Sol. Most of the town is engaged in turning out about half a million gnomes for markets in Germany and

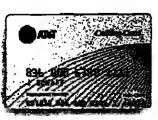
elsewhere in Western Europe. The Polish gnomes are much cheaper than those made in Germany. But the Germans are fighting back on style and quality. An adversement for the Heissner company in Lauterbach, for example, shows an elegantly dressed couple enjoying a glass of champagne in a bucolic setting. Beside them, a garden gnome proffers the ice bucket.

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